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**Vol. V**  
**TRANSCRIPT OF RECORD**

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**Supreme Court of the United States**

**OCTOBER TERM, 1938**

**No. 27**

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**THE TENNESSEE ELECTRIC POWER COMPANY,  
ET AL., APPELLANTS,**

**vs.**

**TENNESSEE VALLEY AUTHORITY, ARTHUR E.  
MORGAN, HARCOURT A. MORGAN AND DAVID  
E. LILIENTHAL**

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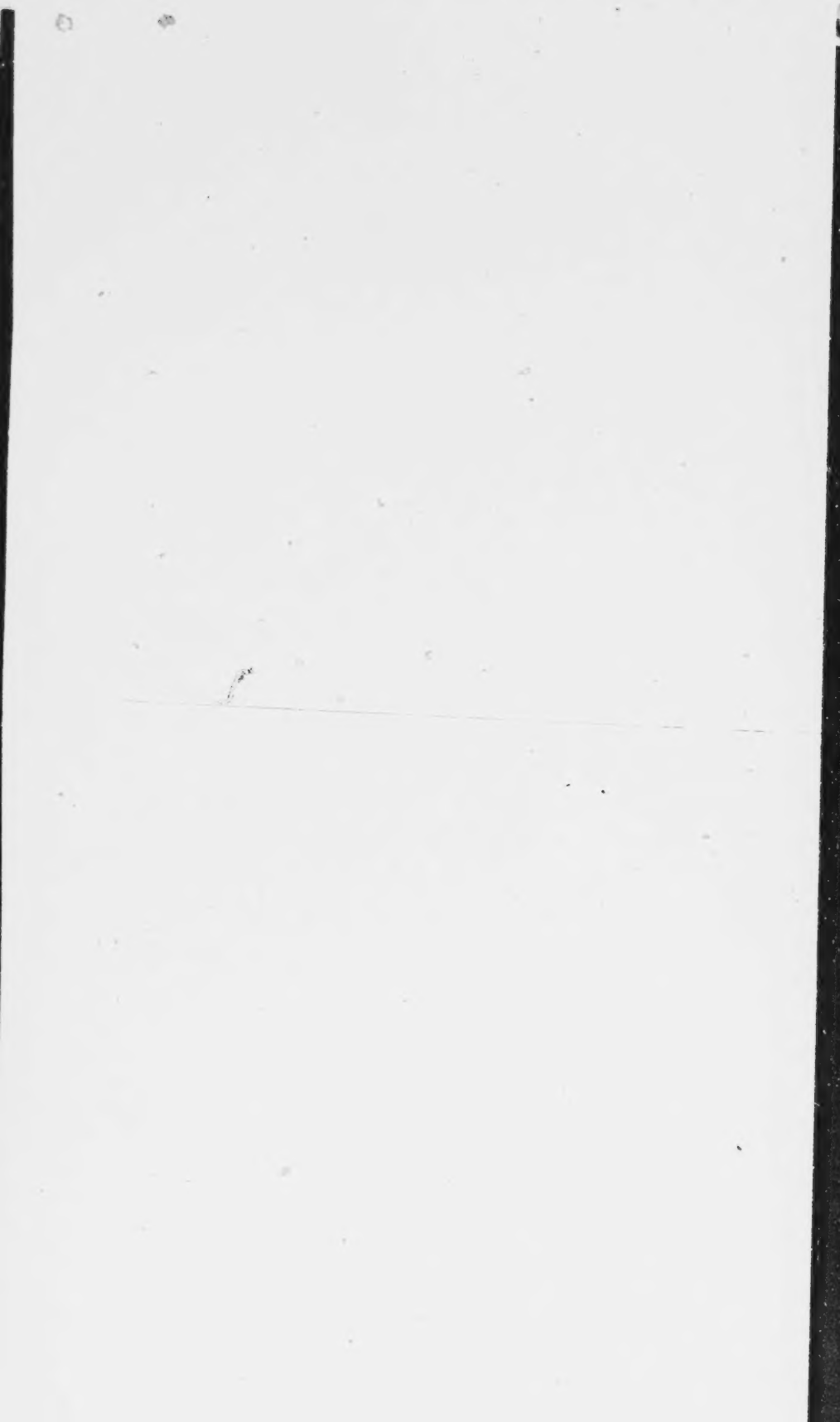
**APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR  
THE EASTERN DISTRICT OF TENNESSEE**

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**FILED APRIL 18, 1938.**





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VOLUME V.

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451—Application for loan and grant by Starkville, Mississippi .....	2954	3301
452—PWA loan and grant contract with Starkville, Mississippi [omitted].....	2955	3302
453—Application for loan and grant by Okolona, Mississippi [omitted] .....	2955	3302
454—PWA loan and grant with Okolona, Mississippi [omitted].....	2956	3302
455—Subsequent PWA contract with Okolona, Mississippi [omitted] .....	2956	3302
456—Application for loan and grant by Aberdeen, Mississippi [omitted].....	2956	3303
457—PWA loan and grant contract with Starksville, Mississippi [omitted].....	2957	3304
458—PWA loan and grant contract with Aberdeen, Mississippi [omitted].....	2957	3304
459—Application for loan and grant by Knoxville, Tennessee., dated November 15, 1933 .....	2958	3304
460—PWA loan and grant contract with Knoxville, dated April 2, 1934.....	2960	3305
461—Telegram dated February 18, 1934, from B. W. Thoron, Assistant Finance Director of PWA, to Joseph C. Swidler, TVA attorney .....	2963	3309



Record from D. C. U. S., Eastern District of Tennessee—  
Continued.

Statement of evidence—Continued.

Complainants' Exhibits Nos.—Continued.

	Original	Print
462—Letter dated February 16, 1934, from B. W. Thoron to Joseph C. Swidler.....	2964	3309
463—Letter dated February 17, 1934, from B. W. Thoron to Miss Owen of TVA.....	2966	3310
464—Letter dated March 8, 1934, from H. M. Waite, PWA Deputy Administrator, to David E. Lillenthal of TVA....	2967	3311
465—Letter dated March 23, 1934, from P. M. Benton, PWA Finance Director, to David E. Lillenthal of TVA.....	2969	3312
466—Excerpt from minutes of meeting of Board of Light and Water Commissioners of Memphis, Tennessee .....	2970	3312
467—Application for loan and grant by City of Newbern, Tennessee [omitted] .....	2971	3313
468—PWA loan and grant contract with Newbern, Tennessee [omitted] .....	2971	3313
469—Letter dated June 30, 1936 from David E. Lillenthal to Kenneth Markwell, State PWA Director .....	2972	3314
470—Application for loan and grant by Paris, Tennessee [omitted] .....	2973	3314
471—PWA loan and grant contract with Paris, Tennessee [omitted] .....	2974	3314
472—Application for loan and grant by Somerville, Tennessee [omitted].....	2974	3315
473—PWA loan and grant contract with Somerville, Tennessee [omitted].....	2974	3315
474—Application for loan and grant by City of Jackson, Tennessee [omitted].....	2975	3315
475—PWA loan and grant contract with Jackson, Tennessee [omitted] .....	2975	3315
476—Application for loan and grant by Fayetteville, Tennessee [omitted].....	2975	3315
477—PWA loan and grant contract with Fayetteville, Tennessee [omitted] .....	2976	3316
478—Application for loan and grant by City of Chattanooga, Tennessee [omitted].....	2976	3316
479—Application for loan and grant by Murfreesboro, Tennessee [omitted] .....	2976	3316
480—Letter dated Dec. 20, 1933 from Joseph C. Swidler, of TVA, to K. S. Wingfield, of PWA .....	2977	3316
481—Letter from K. S. Wingfield, of PWA, to Joseph Swidler, TVA attorney, dated December 22, 1933.....	2980	3320
482—Letter dated October 24, 1934 from Henry T. Hunt, of PWA, to V. D. L. Robinson, of TVA .....	2981	3320

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Statement of evidence—Continued.

Complainants' Exhibits Nos.—Continued.

	Original	Print
483—Resolution of the PWA concerning appli- cation of Decatur, Alabama .....	2982	3321
484—List of PWA projects bringing status of these projects in this territory up to date	2983	3321
485—Senate document 184. Seventy-Fourth Con- gress, Second Session (original exhibit) [omitted] .....	2990	3329
486—Table showing kwhr. generated including both firm and secondary power in the seven States of the Tennessee Valley....	2991	3329
487—Comparison of average of the yield of bonds of nine of the complainant Compa- nies with Standard Statistics Company's average yields of public utility bonds by quality group (original exhibit) [omitted] .....	2992	3329
488—Comparison of the yield of Alabama Power Company 4½% bonds due 1967 with Standard Statistics Company's average yields of public utility bonds by quality group (original exhibit) [omitted]....	2992	3329
489—Comparison of the yield of Appalachian Electric Power Company 5% bonds due 1956 with Standard Statistics Company's average yields of public utility bonds by quality group (original exhibit) [omitted] .....	2992	3330
490—Comparison of the yield of Birmingham Electric Company 4½% bonds due 1968 with Standard Statistics Company's av- erage yields of public utility bonds by quality group (original exhibit) [omitted] .....	2992	3330
491—Comparison of the yield of Carolina Power & Light Company 5% bonds due 1956 with Standard Statistics Company's av- erage yields of public utility bonds by quality group (original exhibit) [omitted] .....	2992	3330
492—Comparison of the yield of Memphis Power & Light Company 5% bonds due 1948 with Standard Statistics Company's av- erage yields of public utility bonds by quality group (original exhibit) [omitted] .....	2993	3330

Record from D. C. U. S., Eastern District of Tennessee—  
Continued.

Statement of evidence—Continued.

Complainants' Exhibits Nos.—Continued.

	Original	Print
493—Comparison of the yield of Mississippi Power Company 5% bonds due 1955 with Standard Statistics Company's average yields of public utility bonds by quality group (original exhibit) [omitted]....	2993	3330
494—Comparison of the yield of Mississippi Power & Light Company 5% bonds due 1957 with Standard Statistics Company's average yields of public utility bonds by quality group (original exhibit) [omitted] .....	2993	3331
495—Comparison of the yield of The Tennessee Electric Power Company 6% bonds due 1947 with Standard Statistics Company's average yields of public utility bonds by quality group (original exhibit) [omitted] .....	2993	3331
496—Comparison of the yield of Tennessee Public Service Company 5% bonds due 1970 with Standard Statistics Company's average yields of public utility bonds by quality group (original exhibit) [omitted] .....	2993	3331
497—Subpoena duces tecum to TVA to produce a copy of a telegram from TVA dated between January 1st and 15th, 1935, to the Governor of Alabama, stating the terms and provisions of a proposed statute to be submitted to the Legislature of Alabama .....	2994	3331
498—Resolution dated March 20, 1937, of the Town of Moulton, Alabama.....	2995	3332
499—Table showing annual sales by existing utility systems to ultimate consumers in the year 1936 within 100 miles, 150 miles, and 250 miles from any TVA generating plant .....	2996	3332
500—Table showing miles of transmission lines of complainant companies.....	2997	3333
501—Summary of adequacy of principal utility company systems within 250 miles of TVA generating plants included in the Unified Plan .....	2998	3334
502—Detailed summary of adequacy of principal utility company systems within 250 miles of TVA generating plants showing the companies which constitute each of the groups .....	2999	3335

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Statement of evidence—Continued.

Complainants' Exhibits Nos.—Continued.

	Original	Print
503—Map showing the generating systems surrounding TVA (original exhibit) [omitted] .....	3006	3343
504—Table showing power cost at TVA generating plants, Unified Plan—ultimate development, excluding initial stage of Wilson Dam .....	3007	3343
505—Table showing out-of-pocket costs of TVA power, Unified Plan—ultimate development, excluding initial stage of Wilson Dam .....	3008	3344
506—Summary of annual deficit from TVA operations, Unified Plan—ultimate development, excluding initial stage of Wilson Dam .....	3009	3345
507—Table showing estimated power available at TVA generating plants in a typical water year under TVA Unified Plan—ultimate development .....	3010	3347
508—Summary of power sales, TVA Unified Plan, ultimate development—1943 sales under typical water conditions.....	3011	3349
509—Table showing disposition of generating plant output of TVA Unified Plan—ultimate development .....	3012	3350
510—Table showing estimated annual sales to ultimate consumers 1937-1943 if served by existing utility systems under the present sales policies within 100, 150, and 250 miles from any TVA generating plant .....	3013	3351
511—Estimate of Complainant Companies' load displaced by TVA.....	3014	3352
512—Table showing estimated damage per million kwh. displaced.....	3015	3354
513—Table showing total damage by displacement .....	3016	3354
514—Table showing estimated damage to Complainant Companies which would result if forced by competition to reduce rates to TVA levels—year 1943.....	3017	3355
515—A sketch to indicate pictorially the various elements in a generating, transmission and distribution system.....	3018	3356
516—TVA Board of Directors resolution dated July 23, 1935, and allotment release attached concerning rural transmission line in Lee County, Mississippi [omitted]	3019	3357

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Continued.

Statement of evidence—Continued.

Complainants' Exhibits Nos.—Continued.

	Original	Print
517—TVA Board of Directors resolution dated July 25, 1935, with allotment release attached concerning transmission line from Blue Springs to Fairfield in Union County, Mississippi [omitted].....	3019	3357
518—TVA Board of Directors resolution dated August 29, 1935, and allotment release attached concerning rural lines in Prentiss County, Mississippi.....	3019	3357
519—TVA Board of Directors resolution dated October 10, 1935, and allotment release attached concerning the Tupelo-New Albany 44 kv. line.....	3020	3357
520—TVA Board of Directors resolution dated November 18, 1935, and allotment release attached concerning transformer installation at Corinth Steam Plant ..	3020	3358
521—TVA Board of Directors resolution dated January 11, 1936, and allotment release attached concerning Pulaski-Columbia-Dickson transmission line and substation [omitted] .....	3020	3358
522—TVA Board of Directors resolution dated January 11, 1936, and allotment release attached concerning Wheeler Dam-Columbia transmission line and Columbia substation [omitted] .....	3021	3358
523—TVA Board of Directors resolution dated January 11, 1936, and allotment release attached concerning construction of rural lines in Rhea County for the City of Dayton .....	3021	3358
524—TVA Board of Directors resolution dated January 11, 1936, and allotment release attached concerning Bodenham extension from Pulaski, Tennessee [omitted].....	3021	3359
525—TVA Board of Directors resolution dated January 11, 1936, and allotment release attached concerning construction of substation west of Ardmore, Lincoln County, Tennessee [omitted] .....	3022	3359
526—TVA Board of Directors resolution dated January 11, 1936, and allotment release attached concerning rural lines in Itawamba County, Mississippi [omitted]..	3022	3359
527—TVA Board of Directors resolution dated January 11, 1936, and allotment release attached concerning rural lines in Lee County, Mississippi [omitted].....	3022	3359

Record from D. C. U. S., Eastern District of Tennessee—  
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Statement of evidence—Continued.

Complainants' Exhibits Nos.—Continued.

	Original	Print
528—TVA Board of Directors resolution dated January 11, 1936, and allotment release attached concerning rural lines in Lincoln County, Tennessee [omitted].....	3022	3360
529—TVA Board of Directors resolution dated January 18, 1936, and allotment release attached concerning extension of rural line in Monroe County, Mississippi.....	3023	3360
530—TVA Board of Directors resolution dated January 18, 1936, and allotment release attached concerning rural lines in Hardin and McNairy Counties, Tennessee.....	3023	3360
531—TVA Board of Directors resolution dated January 18, 1936, and allotment release attached concerning rural electrification project in Bedford County, Tennessee..	3024	3361
532—TVA Board of Directors resolution dated March 17, 1936, and allotment release attached concerning Milan-Bolivar-Somerville transmission line .....	3025	3361
533—TVA Board of Directors resolution dated March 17, 1936, and allotment release attached concerning rural electrification project in Gibson County, Tennessee...	3025	3362
534—TVA Board of Directors resolution dated April 14, 1936, and allotment release attached concerning rural line extensions for Prentiss County Electric Power Association .....	3026	3363
535—TVA Board of Directors resolution dated April 14, 1936, and allotment release attached concerning rural line construction in Catoosa County, Georgia.....	3027	3364
536—TVA Board of Directors resolution dated June 19, 1936, and allotment release attached thereto concerning transformer station at Ooltewah .....	3027	3364
537—TVA Board of Directors resolution dated June 29, 1936, and allotment release attached concerning rural lines for the North Georgia Electric Membership Corporation in Tennessee and Georgia.....	3028	3365
538—TVA Board of Directors resolution dated July 1, 1936, and allotment release attached concerning rural electrification project in Cullman County, Alabama....	3028	3366
539—TVA Board of Directors resolution dated July 6, 1936, and allotment release attached concerning the construction of the Pickwick-Memphis transmission line	3029	3366

Record from D. C. U. S., Eastern District of Tennessee—  
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Statement of evidence—Continued.

Complainants' Exhibits Nos.—Continued.

	Original	Print
540—TVA Board of Directors resolution dated July 14, 1936, and allotment release attached concerning the rural line construction for Meigs County Electric Membership Corporation .....	3080	3367
541—TVA Board of Directors resolution dated August 21, 1936, and allotment release attached concerning construction of south side of Memphis substation.....	3080	3367
542—TVA Board of Directors resolution dated September 5, 1936, and allotment release attached concerning additional rural lines in Lincoln County, Tennessee.....	3081	3368
543—TVA Board of Directors resolution dated September 21, 1936, and allotment release attached concerning rural and transmission lines for the Middle Tennessee Electric Membership Corporation.....	3081	3368
544—TVA Board of Directors resolution dated September 23, 1936, and allotment release attached concerning rural line construction for City of Athens in Limestone County, Alabama .....	3082	3369
545—TVA Board of Directors resolution dated September 25, 1936, and allotment release attached concerning Jackson-Trenton 44 kv. line and substation.....	3082	3369
546—TVA Board of Directors resolution dated October 8, 1936, and allotment release attached concerning rural line construction in Cullman County, Alabama.....	3083	3370
547—TVA Board of Directors resolution dated October 22, 1936, and allotment release attached concerning Mimosa rural line extension in Lincoln County, Tennessee [omitted] .....	3084	3371
548—TVA Board of Directors resolution dated October 26, 1936, and allotment release attached concerning New Albany, Mississippi, rural line.....	3084	3371
549—TVA Board of Directors resolution dated December 7, 1936, and allotment release attached concerning rural lines for Gibson County Electric Membership Corporation .....	3085	3372
550—TVA Board of Directors resolution dated December 7, 1936, and allotment release attached concerning rural lines for Southwest Tennessee Electric Membership Corporation .....	3085	3372



Record from D. C. U. S., Eastern District of Tennessee—  
Continued.

Statement of evidence—Continued.

Complainants' Exhibits Nos.—Continued.

	Original	Print
551—TVA Board of Directors resolution dated February 5, 1937, and allotment release attached concerning rural lines for Duck River Electric Membership Corporation, Tennessee .....	3036	3373
552—TVA Board of Directors resolution dated February 16, 1937, and allotment release attached concerning rural lines from Tom bigbee Electric Power Association, Mississippi .....	3036	3374
553—TVA Board of Directors resolution dated April 9, 1937, and allotment release attached concerning rural lines in Franklin County, Alabama .....	3037	3374
554—TVA Board of Directors resolution dated May 15, 1937, and allotment release attached concerning additions to Tupelo and Pontotoc substations and having reference to the Sardis Dam line.....	3038	3375
555—TVA Board of Directors resolution dated May 15, 1937, and allotment release attached concerning rural lines in Lawrence and Morgan Counties, Alabama..	3038	3376
556—TVA Board of Directors resolution dated May 15, 1937, and allotment release attached concerning rural line to New Harmony for the city of New Albany, Mississippi [omitted] .....	3039	3376
557—TVA Board of Directors resolution dated June 3, 1937, and allotment release attached concerning the Pontotoc-Sardis transmission line and Sardis substation [omitted] .....	3039	3377
558—TVA Board of Directors resolution dated June 3, 1937, and allotment release attached concerning the changes in the Hartselle substation [omitted].....	3039	3377
559—TVA Board of Directors resolution dated June 3, 1937, and allotment release attached concerning the rural line extension and substation changes for Tishomingo County Electric Power Association [omitted] .....	3040	3377
560—TVA Board of Directors resolution dated July 2, 1937, and allotment release attached concerning Northside Memphis substation [omitted] .....	3040	3377



Record from D. C. U. S., Eastern District of Tennessee—  
Continued.

Statement of evidence—Continued.

Complainants' Exhibits Nos.—Continued.

	Original	Print
561—TVA Board of Directors resolution dated July 2, 1937, and allotment release attached concerning additions to south Memphis substation [omitted].....	3040	3377
562—TVA Board of Directors resolution dated July 2, 1937, and allotment release attached concerning 110 kv. Arkansas tie line from Memphis [omitted].....	3040	3378
563—TVA Board of Directors resolution dated July 2, 1937, and allotment release attached concerning south Memphis-north Memphis 110 kv. tie line [omitted]....	3041	3378
564—TVA Board of Directors resolution dated July 23, 1937, and allotment release attached concerning service to the Volunteer Portland Cement Company.....	3041	3378
565—TVA Board of Directors resolution dated August 13, 1937, and allotment release attached concerning rural lines for the Duck River Electric Membership Corporation, Tennessee .....	3041	3378
566—TVA Board of Directors resolution dated August 13, 1937, and allotment release attached concerning rural lines for South west Tennessee Electric Membership Corporation .....	3042	3379
567—TVA Board of Directors resolution dated September 14, 1937, and allotment release attached concerning transmission system reinforcement in middle Tennessee.....	3042	3379
568—TVA Board of Directors resolution dated October 16, 1933, authorizing contracts with Florence, Tuscumbia, Sheffield, Muscle Shoals and other municipalities on the Tupelo transmission line.....	3043	3379
569—TVA Board of Directors resolution dated December 15, 1933 authorizing Mr. Lillienthal to create a corporation to discount commercial paper to be obtained from manufacturers of electrical appliances licensed by TVA (EHFA) .....	3043	3380
570—TVA Board of Directors resolution dated December 16, 1933, approving the construction of rural lines in the five Mississippi counties of Lee, Pontotoc, Monroe, Alcorn, Tishomingo, and Lauderdale county in Alabama.....	3043	3380

Record from D. C. U. S., Eastern District of Tennessee—  
Continued.

## Statement of evidence—Continued.

## Complainants' Exhibits Nos.—Continued.

	Original	Print
571—TVA Board of Directors resolution dated April 13, 1934, concerning the employment of Young and Rubicam.....	3046	3384
572—TVA Board of Directors resolution dated June 3, 1937, authorizing Dr. Morgan to write a letter to the War Department with reference to Sardis Dam and the line thereto .....	3048	3386
573—TVA Board of Directors resolution dated October 5, 1937, and the exhibit attached thereto concerning the construction of power houses at Chickamauga and Guntersville dams .....	3050	3388
574—TVA Board of Directors resolution dated July 30, 1933, authorizing the construction of a transmission line from Wilson Dam to Cove Creek.....	3051	3389
575—TVA Board of Directors resolution dated October 16, 1933, authorizing certain basic provisions to be placed in the contracts between TVA and municipalities, a copy of which provisions is attached to the resolution .....	3051	3389
576—TVA Board of Directors resolution dated October 16, 1933, approving the wholesale rate schedule for Tupelo, a copy of which is attached .....	3055	3393
577—TVA Board of Directors resolution dated May 31, 1934, authorizing a contract which is attached between TVA and the Alcorn County E. P. A.....	3056	3395
578—A series of resolutions of the Board of Directors dated July 27, 1934, and the contract between TVA and the Carolina Power and Light Company attached thereto .....	3061	3401
579—TVA Board of Directors resolution concerning Young and Rubicam contract..	3064	3406
580—TVA Board of Directors resolution dated October 9, 1934, with the attached resolution of the city council of Knoxville..	3065	3406
581—TVA Board of Directors resolution dated March 18, 1935, authorizing a contract attached thereto with EHFA.....	3069	3412
582—TVA Board of Directors resolution dated May 7, 1935, approving an agreement between TVA and the city of Athens dated April 23, 1935, attached thereto.....	3076	3421

Record from D. C. U. S., Eastern District of Tennessee—  
Continued.

Statement of evidence—Continued.

Complainants' Exhibits Nos.—Continued.

	Original	Print
583—TVA Board of Directors resolution dated July 25, 1935, approving a contract between TVA and Tishomingo County Electric Power Association dated July 19, 1935, a copy of which is attached thereto [omitted] .....	3079	3426
584—TVA Board of Directors resolution dated November 16, 1935, approving a contract between TVA and Tombigbee Electric Power Association dated October 19, 1935, a copy of which is attached thereto [omitted] .....	3080	3427
585—TVA Board of Directors resolution dated November 16, 1935, approving a contract with the City of Dayton entitled "Agreement for Cooperation in Construction of Rural Lines," November 2, 1935.....	3081	3427
586—TVA Board of Directors resolution dated November 16, 1935, approving a supplementary contract between TVA and Alcorn County Electric Power Association, August 26, 1936, a copy of which is attached thereto [omitted].....	3083	3430
587—TVA Board of Directors resolution dated December 20, 1935, approving a contract between TVA and New Albany, Mississippi, a copy of which is attached thereto [omitted] .....	3083	3430
588—TVA Board of Directors resolution dated /December 23, 1935, approving the contract between TVA and Lincoln County Electric Membership Corporation for the collection of bills and other services dated October 1, 1935, a copy of which is attached thereto [omitted].....	3083	3430
589—TVA Board of Directors resolution dated December 31, 1935, approving a supplementary contract between TVA and Alcorn County Electric Power Association dated December 31, 1935, a copy of which is attached thereto.....	3084	3430
590—TVA Board of Directors resolution dated January 10, 1936, authorizing construction of a dam in the Hiwassee River on the Fowler Bend site.....	3085	3432
591—TVA Board of Directors resolution dated December 31, 1935, authorizing construction of Chickamunga Dam.....	3086	3433

Record from D. C. U. S., Eastern District of Tennessee—  
Continued.

## Statement of evidence—Continued.

## Complainants' Exhibits Nos.—Continued.

	Original	Print
592—TVA Board of Directors resolution dated January 18, 1936, approving a sale and loan contract between TVA and Monroe County Electric Power Association, dated January 15, 1936, a copy of which is attached thereto.....	3088	3433
593—TVA Board of Directors resolution dated February 1, 1936, approving a contract between TVA and Dayton, Tennessee, for the sale of rural lines, dated January 24, 1936, a copy of which is attached thereto .....	3090	3439
594—TVA Board of Directors resolution dated February 10, 1936, approving a contract between TVA and the city of Amory dated February 14, 1936, a copy of which is attached thereto [omitted].....	3093	3441
595—TVA Board of Directors resolution dated February 11, 1936, approving a sale and loan contract between TVA and Pontotoc County Electric Power Association dated February 12, 1936, a copy of which is attached thereto.....	3098	3441
596—TVA Board of Directors resolution dated February 11, 1936, approving a contract between TVA and Monroe County Electric Power Association concerning the operation of rural lines and the collection of bills dated February 1, 1936, a copy of which is attached thereto [omitted] .....	3100	3451
597—TVA Board of Directors resolution dated April 27, 1936, approving a contract between Alcorn County Electric Power Association, Pickwick Electric Membership Corporation and TVA dated April 21, 1936, a copy of which is attached thereto .....	3101	3451
598—TVA Board of Directors resolution dated April 27, 1936, approving the execution of a quitclaim deed from the TVA to the Alcorn County Electric Power Association [omitted].....	3105	3457
599—TVA Board of Directors resolution dated April 27, 1936, approving a contract between Pickwick Electric Membership Corporation and TVA dated April 21, 1936, a copy of which is attached thereto .....	3105	3457

Record from D. C. U. S., Eastern District of Tennessee—  
Continued.

Statement of evidence—Continued.

Complainants' Exhibits Nos.—Continued.

	Original	Print
600—TVA Board of Directors resolution dated April 27, 1936, approving a contract between TVA and Alcorn County Electric Power Association dated April 21, 1936, a copy of which is attached thereto [omitted] .....	3105	3457
601—TVA Board of Directors resolution dated May 23, 1936, approving an operation contract between Bedford County Electric Membership Corporation and TVA dated May 18, 1936, a copy of which is attached thereto.....	3105	3457
602—TVA Board of Directors resolution dated July 31, 1936, approving an amendment to an agreement between the Meigs County Electric Membership Corporation and TVA, a copy of which is attached to the exhibit [omitted].....	3106	3458
603—TVA Board of Directors resolution dated August 11, 1936, approving a contract between TVA and Cullman County Electric Membership Corporation dated August 4, 1936, a copy of which is attached thereto .....	3106	3458
604—TVA Board of Directors resolution dated August 21, 1936, approving a sale and loan agreement between TVA and Gibson County Electric Membership Corporation dated August 13, 1936, a copy of which is attached thereto.....	3106	3458
605—TVA Board of Directors resolution dated September 5, 1936, approving an agreement for sale between TVA and Pickwick Electric Membership Corporation dated August 26, 1936, a copy of which is attached thereto [omitted].....	3106	3458
606—TVA Board of Directors resolution dated September 5, 1936, approving a supplementary contract between TVA and Milan, Tenn., dated May 25, 1936, a copy of which is attached thereto [omitted].	3107	3459
607—TVA Board of Directors resolution dated September 5, 1936, approving a contract for the sale of properties between TVA and the city of Athens, Alabama, dated October 9, 1936, a copy of which is attached thereto [omitted].....	3107	3459

Record from D. C. U. S., Eastern District of Tennessee—  
Continued.

Statement of evidence—Continued.

Complainants' Exhibits Nos.—Continued.

	Original	Print
606—TVA Board of Directors resolution dated December 23, 1936, approving a contract between TVA and Southwest Tennessee Electric Membership Corporation dated December 9, 1936, a copy of which is attached thereto [omitted].....	3107	3459
609—TVA Board of Directors resolution dated December 23, 1936, approving a contract between TVA and Duck River Electric Membership Corporation dated October 31, 1936, a copy of which is attached thereto [omitted].....	3107	3459
610—TVA Board of Directors resolution dated January 8, 1937, approving a contract between TVA and Lincoln County Electric Membership Corporation, a copy of which is attached thereto [omitted]....	3108	3459
611—TVA Board of Directors resolution dated February 11, 1937, approving a so-called emergency operation contract between TVA and Tishomingo County Electric Power Association dated January 28, 1937, a copy of which is attached thereto [omitted] .....	3108	3460
612—TVA Board of Directors resolution dated February 11, 1937, approving a supplementary contract between TVA and Holly Springs, Mississippi, dated February 2, 1937, a copy of which is attached thereto	3108	3460
613—TVA Board of Directors resolution dated March 10, 1937, approving a contract between TVA and Dayton, Tennessee, dated March 17, 1937, a copy of which is attached thereto [omitted].....	3108	3460
614—TVA Board of Directors resolution dated March 31, 1937, approving a contract entitled "Emergency Operation Contract between TVA and Alcorn County Electric Power Association," dated April 1, 1937, a copy of which is attached thereto [omitted] .....	3108	3460
615—TVA Board of Directors resolution dated April 9, 1937, approving the transfer of certain franchises from TVA to the Southwest Tennessee Electric Membership Corporation [omitted].....	3108	3460

Record from D. C. U. S., Eastern District of Tennessee—  
Continued.

Statement of evidence—Continued.

Complainants' Exhibits Nos.—Continued.

	Original	Print
616—TVA Board of Directors resolution dated April 9, 1937, approving a supplementary contract between TVA and Okolona, Miss., dated March 24, 1937, a copy of which is attached thereto .....	3100	3461
617—TVA Board of Directors resolution dated June 3, 1937, authorizing the construction of 110 kv. transmission line between Norris Dam and Volunteer Portland Cement Company [omitted] .....	3100	3461
618—TVA Board of Directors resolution dated June 3, 1937, approving a contract between TVA and Bolivar, Tenn., dated March 20, 1937, a copy of which is attached thereto .....	3100	3461
619—TVA Board of Directors resolution dated June 9, 1937, approving a contract with the Electric Power Board of Chattanooga, Tenn. [omitted] .....	3114	3466
620—TVA Board of Directors resolution dated June 23, 1937, approving an "Emergency Operation Contract between TVA and Dickson, Tennessee", dated June 11, 1937, a copy of which is attached thereto [omitted] .....	3114	3467
621—TVA Board of Directors resolution dated July 12, 1937, granting an extension of time to the Monroe County Electric Power Association for the first payment of principal on its indebtedness to the TVA .....	3114	3467
622—TVA Board of Directors resolution dated July 20, 1937, approving a supplementary contract between TVA and Athens, Alabama, dated July 23, 1937, a copy of which is attached thereto .....	3115	3468
623—TVA Board of Directors resolution dated July 29, 1937, approving a contract entitled "Emergency Operation Contract between TVA and Pickwick Electric Membership Corporation" dated July 14, 1937, a copy of which is attached thereto [omitted] .....	3117	3471
624—TVA Board of Directors resolution dated July 29, 1937, approving a contract between TVA and Joe Wheeler Electric Membership Corporation for the sale and construction of rural lines dated May 14, 1937, a copy of which is attached thereto .....	3118	3471



Record from D. C. U. S., Eastern District of Tennessee—  
Continued.

Statement of evidence—Continued.

Complainants' Exhibits Nos.—Continued.

Original      Print

625—TVA Board of Directors resolution dated August 13, 1937, approving the sending of a letter by Mr. Lillenthal to Mr. Dempster, city manager, of Knoxville, Tenn., a copy of which letter is attached thereto .....	3118	3472
626—TVA Board of Directors resolution dated August 13, 1937, approving a supplementary contract between TVA and Lincoln County Electric Membership Corporation for the collection of bills and other services dated June 29, 1937, a copy of which is attached thereto [omitted]....	3122	3476
627—TVA Board of Directors resolution dated September 24, 1937, unanimously approving a schedule of generating installations at the various dam projects.....	3122	3476
628—Telegram dated May 13, 1936, from Edgar M. Queeny of the Monsanto Chemical Company to Wendell Willkie.....	3123	3477
629—A chart of the soundings made in the upper regions of the pool above Mitchell Dam and a study of the approach channel and locks at the head of that reservoir	3124	3478
630—A table showing the cost to the Alabama Power Company of the facilities devoted solely to navigation on the Alabama, Coosa and Tallapoosa river systems....	3125	3479
631—Excerpts from the application of the Alabama Power Company for a license for Jordon Dam .....	3126	3479





[fol. 2423] COMPLAINANTS' EXHIBIT No. 153.

Power Contract Between TVA and American Aggregates Corporation, Dated March 29, 1937.

(Omitted)

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COMPLAINANTS' EXHIBIT No. 154

Power Contract Between TVA and the Falkville Milling Company of Decatur, Alabama, Dated April 1, 1937.

(Omitted)

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[fol. 2424] COMPLAINANTS' EXHIBIT No. 155.

Power Contract Between TVA and Wade & Richey, Dated May 1, 1937.

(Here omitted as such contract appears in full at pages 289 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

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COMPLAINANTS' EXHIBIT No. 156.

Power Contract Between TVA and Lacey Asphaltic Limestone Company, Inc., Dated May 13, 1937.

(Here omitted as such contract appears in full at pages 290 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

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[fol. 2425] COMPLAINANTS' EXHIBIT No. 157.

Power Contract Between TVA and Volunteer Portland Cement Company, Dated August 14, 1936.

(Here omitted as such contract appears in full at pages 192 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

## [fol. 2426] COMPLAINANTS' EXHIBIT No. 158

**Assignment to City of Knoxville of Power Contract Between  
Volunteer Portland Cement Company and  
Tennessee Valley Authority.**

This Agreement, made and entered into this 14th day of September, 1937, between Tennessee Valley Authority, a corporation created by and acting under the Tennessee Valley Authority Act of 1933, hereinafter called "Authority," and City of Knoxville, a municipal corporation duly organized, created, and existing under and by virtue of the laws of the State of Tennessee, hereinafter called "Municipality,"

Witnesseth:

Whereas, by agreement dated August 14, 1936, between Authority and Volunteer Portland Cement Company, a Delaware corporation, hereinafter called "Customer," Authority agreed to supply, and Customer agreed to take and pay for, the electric power required for the operation of Customer's cement plant near Knoxville, Tennessee, for a period of ten years, on terms and at rates set out in said agreement, and

Whereas, Municipality, by referendum of its citizens dated November 25, 1933, authorized the acquisition of a municipal electric distribution system by purchase or construction, and

Whereas, by agreement dated February 19, 1936, as amended by agreement dated May 18, 1936, Authority agreed to supply, and Municipality to take and pay for, the [fol. 2427] electric power required for the operation of Municipality's electric distribution system, for a period of twenty years, on terms and at rates set out in said agreement, and

Whereas, Customer's cement plant is within a few miles of the corporate limits of Municipality, and the power contract between Authority and Customer was entered into with a view to eventual assumption of the obligations of Authority by the City of Knoxville when Municipality's plans for the acquisition of an electric system were sufficiently advanced, and

Whereas, the said power contract between Authority and Municipality makes provision for such service by Munici-

**COMPLAINANTS' EXHIBIT No. 158.**

pality to Customer and the billing arrangements consequent thereto, and

Whereas, Municipality, by action of its Council on June 23, 1936, duly authorized the letting of bids for the construction of the first unit of its municipal distribution system known as the "North Knoxville" unit, and said proposed unit is within convenient service distance of the plant of Customer, and

Whereas, Municipality now desires to supply the electricity requirements of its trade area, including the requirements of Customer, and

Whereas, Authority is now constructing a transmission line to the premises of Customer and installing a substation at said premises, and said transmission line and substation constitute a convenient point of delivery to Municipality of the power required by Customer and by such other customers as Municipality may desire to serve in this vicinity.

[fol. 2428] Now, therefore, in consideration of the premises and of the agreements hereinafter set forth, the parties hereto mutually agree as follows:

1. For value received, Authority hereby transfers and assigns to Municipality all its right, title, and interest in and to that certain power contract between Authority and Customer dated August 14, 1936.

2. In consideration of said assignment, Municipality hereby assumes all of the obligations of Authority under and pursuant to said agreement, and agrees to save Authority harmless from any claim or demand under or pursuant to said agreement.

3. Authority agrees to supply power to Municipality over the transmission line now under construction from Norris Dam to the premises of Customer, such power to be in the form of three-phase alternating current, at approximately sixty cycles, and at approximately 2,300 volts, and to be delivered to Municipality at the low-tension side of the substation now under construction by Authority at the premises of Customer. Such power shall be delivered, taken, and paid for under the provisions of the power contract between Authority and Municipality dated February 19, 1936, as amended by agreement dated May 18, 1936, and shall con-

## COMPLAINANTS' EXHIBIT No. 158.

stitute a second source of supply as provided for by section 20 of the Terms and Conditions attached to and made a part of said power contract of February 19, 1936, as amended.

4. Authority agrees to continue construction of the transmission line between Norris Dam and the premises of Customer, and the substation at said premises, with all reasonable diligence, and to complete the same (unless prevented by causes beyond its control) not later than December 15, 1937. Municipality shall establish, operate, and maintain the connection between the low-tension side of the said substation of the Authority and the substation of Customer. Authority will provide suitable space in its substation structure for the measuring equipment of Municipality, and Municipality shall have free access to said substation for the purpose of meter reading, checking, repair, removal, and replacement.

In Witness Whereof, the parties hereto have caused this agreement to be executed in six counterparts, each of which shall be considered an original, by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority, (S) by Arthur E. Morgan, Chairman, J. L. F. (Seal.)

City of Knoxville, (S) by Geo. R. Dempster, City Manager. (Seal.)

Attest: (S) Charles E. Hoffman, Assistant Secretary.

Attest: (S) W. H. Stapleton, City Recorder.

## [fol. 2430] COMPLAINANTS' EXHIBIT No. 159.

Power Contract Between TVA and United States of America, Dated March 14, 1937.

(Here omitted as such contract appears in full at pages 291 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

**COMPLAINANTS' EXHIBIT No. 160.****Power Contract Between TVA and Victor Chemical Works,  
Dated July 2, 1937.**

(Here omitted as such contract appears in full at pages 302 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

**[fol. 2431] COMPLAINANTS' EXHIBIT No. 161.****Power Contract Between TVA and Electro Metallurgical  
Company, Dated August 17, 1937.**

(Here omitted as such contract appears in full at pages 315 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

**[fol. 2432] COMPLAINANTS' EXHIBIT No. 162****Construction Contract Between Tennessee Valley Authority  
and Meigs County Electric Membership Corporation**

This Agreement, made and entered into the 29 day of June, 1936, between Tennessee Valley Authority, hereinafter called "Contractor," a corporation created by Act of Congress May 18, 1933, and the Meigs County Electric Membership Corporation, a corporation organized and existing by virtue of the laws of the State of Tennessee, hereinafter called, "Owner," is made pursuant to a Loan Contract dated April 1, 1936, between the United States of America, hereinafter called "Government," by the Administrator of the Rural Electrification Administration, hereinafter called "Administrator," and the Meigs County Electric Membership Corporation,

Witnesseth:

Whereas, Owner has executed a Loan Contract with Government acting through Administrator, in the amount of \$212,200, by which Owner is to deliver funds to be used in



## COMPLAINANTS' EXHIBIT No. 162

the construction of rural electric lines in Meigs, McMinn, Hamilton, Rhea, and Cumberland Counties and vicinity; and

Whereas, Contractor, by Section 10 of the Tennessee Valley Authority Act of 1933 is authorized to construct transmission lines to farms and small villages that are not otherwise supplied with electricity, at reasonable rates; and

Whereas, Owner has contracted with the Harrison-Wright Company for the construction of rural transmission and distribution lines in Meigs and Hamilton Counties, and [fol. 2433] vicinity, the cost of which construction will not exceed \$92,200; and

Whereas, Owner desires that Contractor construct the remainder of the project, or, more specifically, the lines shown on the maps attached hereto or that portion of the project or lines which shall not exceed the cost of \$120,000; and

Whereas, all parties to this contract have duly authorized its execution,

Now, therefore, for and in consideration of the mutual covenants herein contained, and subject to all the provisions of the Tennessee Valley Authority Act of 1933, the parties hereto mutually covenant and agree as follows:

1. The Contractor shall make or cause to be made such engineering surveys, maps, plans, drawings and specifications which shall be necessary for the construction of the rural electric transmission and distribution lines and systems and necessary appurtenances which were agreed to be constructed by the Owner under the terms of a certain Loan Contract dated April 1, 1936, between Owner and Government, acting by Administrator, and which are not covered by a certain Construction Contract heretofore entered into by and between the Owner and Harrison-Wright Company, which said Construction Contract is dated the 6th day of May, 1936. Engineering services for the construction of said last mentioned lines and systems are being performed by Contractor under its separate Engineering Contract with Owner dated the first day of May, 1936.

2. Contractor will furnish material, labor, tools, and equipment necessary for the construction and shall construct those rural electric transmission and distribution lines and [fol. 2434] systems and necessary appurtenances which are shown on maps numbers C-C-813 and C-C-1057, attached



## COMPLAINANTS' EXHIBIT No. 162

hereto, and hereby incorporated herein, in accordance with Contractor's standard specifications attached hereto and hereby incorporated herein.

3. Owner shall pay to Contractor, Contractor's total cost as billed by Contractor, including incidental charges, and including a twelve and one-half per cent overhead charge, of furnishing the services described in Sections 1 and 2 above or in any of the subsequent provisions of this contract, it being the intention of the parties hereto that the Contractor shall furnish such services to Owner for actual cost, including overhead, without any profit whatsoever, but that the Contractor shall be fully reimbursed for all of its costs plus overhead incurred pursuant to this agreement. Contractor shall not be required to perform any part or portion of the services defined herein in the event the rendition of such services shall exceed the cost of \$120,000.

4. Contractor shall render monthly bills to Owner for the services rendered pursuant to this contract, which bills shall be submitted by Owner to the Administrator for approval. Owner shall not be obligated to pay Contractor any sum or sums whatsoever on account of services rendered to it under Sections 1 and 2 above by Contractor, until the bills therefor have first been approved by the Administrator. Upon the approval by the Administrator of any such bill so rendered, the Owner shall pay the approved amount thereof to Contractor. Upon the payment in full by the Owner to Contractor for the services rendered pursuant to this contract, Contractor will deliver the rural electric transmission and distribution lines and systems and necessary appurtenances so constructed to the Owner and shall release its liens thereon: Provided, however, that Contractor agrees [fol. 2435] to deliver to Owner and release its liens upon that portion of said lines the cost of which has been paid by Owner to Contractor pursuant to the bills rendered.

5. The work to be done under this contract is to be begun within 30 days after the receipt by the Contractor from the Owner of notice to begin work, and is to proceed with all due dispatch to the satisfaction of the Owner and the Administrator, and shall be fully completed on or before the 1st day of January, 1937.

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6. The Contractor shall comply with all laws, municipal rules, ordinances, and regulations in the construction of this work or in the handling of materials incident thereto.

7. Any permits necessary for the handling or use of dynamite or other explosives shall be obtained by Contractor.

8. The owner and duly authorized Supervisor appointed by the Administrator shall have the right to direct the Contractor to execute any part or parts of the work before any other part or parts thereof, and the Contractor agrees to comply with such reasonable direction.

9. The Contractor shall give the work his constant supervision or employ a competent person to superintend it. Either the Contractor or such superintendent shall be on the site of the work at all times during working hours. The Contractor must also have capable, experienced, and reliable foremen and such skilled workmen as may be required for the various classes of work in the system. Directions and instructions given to the superintendent shall be binding upon the Contractor. The Owner reserves the right to require the removal of any employee of the Contractor, if in the judgment of its Engineer, it shall be for the best interests of the work.

[fol. 2436] 10. All materials shall be subject to the inspection, tests and approval of the Engineer and the Administrator and the Contractor shall furnish all information required concerning the nature or source of any material or appliances and provide every facility for testing and inspecting the same.

11. In the event that the Administrator appoints a supervisor, as provided by the said Loan Contract, the Contractor shall comply with all the reasonable instructions given by such supervisor.

12. The Contractor shall provide necessary watchmen as determined by the Engineer to properly protect all work and materials under this contract.

13. The Contractor shall take such precautions as are necessary to avoid accidents from any cause to persons and property and to avoid contingencies which may delay com-

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pletion of the work. He shall so lay out and conduct the work as to cause the least possible obstruction on the public highways, alleys, and streets.

14. The Contractor shall provide and maintain all guard lights and protection for the public as are required by public authority or by local conditions.

15. The Contractor shall take such steps and do all things necessary or expedient to properly protect any and all parallel lines, joint line poles, highways and any and all property of others from damage and in the event that any such parallel lines, joint line poles, highways or other property is damaged in the course of the construction of this project, the Contractor will place any or all of such damaged [fol. 2437] property in as good a state of repair as the same was before such damage occurred.

16. Where the right of way is across cultivated lands, the Contractor shall refrain from unnecessarily damaging the crops, orchards, or property. All fences, which are necessarily opened or moved during the construction of the line shall be replaced in as good condition as they were found and precautions taken to prevent the escape of livestock.

17. The project, from the commencement to the completion of the work shall be subject to the risk and under the charge and control of the Contractor. During such period the Contractor shall make good and fully repair all injuries and damages to the project by reason of any act of God or other casualty or cause, whether or not the same occurs by reason of the Contractor's negligence. The Contractor agrees to defend all claims for injuries to persons or for damage to property happening by reason of any neglect, default, or misconduct on the part of the Contractor or any of his agents, or of any one in his employ during the execution of the work.

18. Any and all excess earth, rock, debris, underbrush, and other useless material shall be removed by the Contractor from the highways or other properties as rapidly as possible as the work progresses.

19. Simultaneously with the rendition of the bill to Owner for completed construction, Contractor shall deliver unto

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the Owner a waiver or release of Contractor's lien. Upon the execution of any subcontract the Contractor shall secure from the subcontractor a waiver or release of subcontractor's lien. The Contractor and any and all subcontractors shall, prior to or upon delivery of materials, appliances, and supplies, secure from any materialmen furnishing [fol. 2438] such materials, appliances and supplies a waiver or release of materialmen's liens.

20. The Engineer, in behalf of the Owner, may, from time to time, during the progress of the work, make such additions to or subtractions from the plans, list of materials, and specifications as conditions may warrant, provided, however, that any material change in the extent of work to be done may require a reasonable extension of time in view of additions, under which conditions such reasonable extension will be granted. The Contractor shall not be entitled to any claim for damages on account of such reasonable additions, subtractions or changes as may be made in the extent of work to be done under this contract or on account of any delay occasioned thereby.

In case of any additions or subtractions to the work covered by the contract, the Contractor shall receive payment for all work completed by him.

21. Upon the completion of work to be performed under and by virtue of the terms and provisions of this contract, the Contractor shall certify to the total amount of work and materials required for the completed project, and the Owner shall thereupon certify the same to the Government, together with a certificate of the total cost of the work performed under this contract. Upon the approval of said certificate by the Government the Owner will make final payment to the Contractor hereunder.

22. The acceptance of any material or equipment by the Engineer shall not prevent its subsequent rejection if found defective after delivery or installation and any such material or equipment found defective before final acceptance of [fol. 2439] the work shall be replaced by the Contractor.

23. Any improper or imperfect work or material shall be removed and replaced or otherwise remedied by the Contractor. Any condemned material shall be immediately

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removed from the site of the work by the Contractor. Vouchers for payments will not be approved by the Engineer until defects have been corrected.

24. The Contractor shall pay each subcontractor, if any, within five (5) days after each payment made to the Contractor, the amount allowed the Contractor for and on account of work performed by the subcontractor to the extent of the subcontractor's interest therein.

25. It is the duty of the Owner under its contract with the Government to obtain all franchises, authorizations, permits, and approvals from Federal, State, County, Municipal, and other authorities and all rights of way and easements necessary or advisable to be obtained in connection with the construction and operation of this project, and the Contractor shall be under no duty to procure the same. The Owner shall be responsible for negotiating any necessary joint pole agreements or other agreements with public utility companies.

26. All guarantees of material and workmanship running in favor of the Contractor shall be transferred and assigned to the Owner on completion of all work and at such time as he receives final payment.

27. All royalties or patents that may be involved in the work contracted for, or in the use thereof, shall be satisfied or procured by Contractor and the Contractor shall defend any and all claims, suits, and proceedings for infringement of any patent or patents.

28. Every right or remedy herein conferred upon or reserved to the Owner or the Government or the Administrator shall be cumulative and shall be in addition to every right and remedy given hereunder or now or hereafter existing at law or in equity or by statute. The pursuit of any right or remedy shall not be construed as an election.

29. Each and all of the covenants and agreements herein contained shall extend to and be binding upon the successors and assigns of the parties hereto.

30. No lines or parts of lines shall be energized prior to the completion of the entire contract except on specific



## COMPLAINANTS' EXHIBIT No. 162

arrangements therefor between the Owner and the Contractor, which said arrangements shall have been approved by the Administrator.

31. The Contractor shall erect and maintain during the construction of the project in an appropriate place or places at the site of the project, a sign or signs approved by the Administrator, bearing the legend "Federal Rural Electrification Project," or such similar legend as the Administrator may designate.

32. The Contractor shall not assign this contract or any part hereof without the approval of the Owner and the Administrator.

33. The Contractor shall perform, directly and without subcontracting, not less than twenty-five per cent (25%) of the construction, to be calculated on the basis of the total cost hereof.

34. No part of this contract shall be sublet without the approval of the Owner and the Administrator. If the Contractor shall sublet any part of this contract, the Contractor shall be as fully responsible to the Owner and the Government for the acts and omissions of his subcontractor and of the persons either directly or indirectly employed by his subcontractor, as he is for his own acts and omissions and [fol. 2441] those of persons directly employed by him.

35. The Contractor shall provide all labor, services, materials, and equipment necessary to perform and complete the work under this contract, except as otherwise provided herein.

36. The Contractor shall purchase all materials and supplies outright and not subject to any conditional sales agreement, bailment lease, or other agreement reserving to the seller any right, title, or interest.

37. All materials and supplies shall become the property of the Contractor when delivered at the site of the work; provided, however, that the Owner or the Administrator may condemn any such materials and supplies as do not comply with the Plans and Specifications, either before or

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after incorporation of such materials and supplies into the project, and thereafter any such condemned materials and supplies shall be removed and immediately replaced with materials and supplies complying with the Plans and Specifications.

38. All employees other than those in executive, administrative, supervisory or highly skilled positions shall be paid in full, at least semi-monthly within ten (10) days after the close of the semi-monthly period in lawful money of the United States.

39. The Administrator shall have the right to supervise the performance of this contract and shall have the right to inspect all work and materials and shall have access to all payrolls, records of personnel, invoices of material, and all other data and records relevant to the performance of this contract. Reasonable facilities shall be provided for the [fol. 2442] use of agents of the Administrator.

40. In the performance of this contract there shall be used only such manufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, provided, however, that if the Administrator shall find that in respect to some particular articles, materials, or supplies it is impracticable to make such requirement or that it would unreasonably increase the cost, an exception shall be noted in the Specifications as to that particular article, material, or supply.

41. Preference in the employment of workers shall be given to persons from the public relief rolls who are competent for the several classifications of labor necessary for the performance of this contract and who are available at the site of the work. The Contractor agrees to apply to the nearest office of the United States Employment Service in the County where the work is to be performed for such workers from public relief rolls, and agrees to employ persons so furnished, if competent and available.



## COMPLAINANTS' EXHIBIT No. 162

42. Wage rates for persons employed, except in executive, administrative, supervisory, and highly skilled positions, shall be as follows:

Trade or Occupation	Hourly Wage Rate
Lineman .....	1.00
Lineman's apprentice .....	.75
Lineman's helper .....	.60
Truck driver (line truck) .....	.75
Truck driver (light truck) .....	.60
Powderman and compressor .....	.75
Labor .....	.45

[fol. 2443] 43. If after the execution of this contract it becomes necessary to employ any person in a trade or occupation not hereinabove listed, such person shall be paid at an hourly wage rate determined by the Administrator in accordance with local conditions and such wage rate shall be retroactive to the time of the initial employment of such person in such trade or occupation. Unless otherwise provided by law, claims or disputes pertaining to the classification of labor under this contract shall be decided by the Administrator whose decision shall be final and binding on all persons concerned.

44. The maximum hours of work for persons employed, except in executive, administrative, supervisory, and highly skilled positions shall not be in excess of 8 hours per day and 40 hours per week, except in special or unusual circumstances when the above limitations are not feasible or practicable.

45. Only one member of a family group may be employed on the project, except as specifically authorized by the Works Progress Administration.

46. All work shall be conducted in accordance with safe working conditions, and every effort shall be made for the prevention of accidents.

47. The Contractor and each subcontractor shall prepare the payrolls upon forms to be prescribed and in accordance with instructions to be furnished by the Works Progress Administration. Not later than the third day following the payment of the wages, a certified legible copy of each

## COMPLAINANTS' EXHIBIT No. 162

payroll, whether paid by the Contractor or any subcontractor, shall be transmitted by the Contractor to such office as may be designated by the Works Progress Administration. The Contractor and each subcontractor shall submit reports at such times and on such forms as may be required by the Works Progress Administration covering purchases of, and requisitions for, materials, together with such other information as may be required to determine the progress and status of the completion of the work on the project.

48. The Contractor and each subcontractor shall report to the United States Department of Labor monthly, within five days after the close of each calendar month, upon forms to be prescribed, and in accordance with instructions to be furnished, by the United States Department of Labor, covering the number of persons on their respective payrolls directly connected with the project, the aggregate amounts of such payrolls and the man-hours worked, and an itemized statement of the total expenditures for materials. The Contractor shall also furnish to the United States Department of Labor the names and addresses of all subcontractors on the work, at the earliest date practicable.

49. The Works Progress Administration, through its authorized agents, shall have the right to inspect all work as it progresses, and shall have access to all payrolls, records of personnel, invoices of materials, and any and all other data relevant to the performance of this contract.

50. No person under the age of sixteen (16) years, and no one whose age or physical condition is such as to make his employment dangerous to his health or safety, or the health and safety of others, may be employed on the project. This paragraph shall not be construed to operate against the employment of physically handicapped persons, otherwise employable, where such persons may be safely assigned [fol. 2445] to work which they can ably perform.

51. No person currently serving sentence to a penal or correctional institution shall be employed on the project.

52. Wages to be paid, or for which reimbursement is to be made, by the Federal Government may not be pledged

## COMPLAINANTS' EXHIBIT No. 162

or assigned, and any purported pledge or assignment shall be null and void.

53. The Contractor acknowledges that he has received copies of the Emergency Relief Appropriation Act of 1935, Regulations Nos. 1, 2, 3, and 4 issued thereunder, the so-called "Kick-back" Statute (48 Stat. 948), and all Regulations issued pursuant thereto, and Section 35 of the Criminal Code as amended, and the Contractor and each subcontractor agree to comply with the provisions of all of said Statutes and all regulations issued thereunder which are hereby incorporated into and made a part of this contract.

54. In the event that any of the provisions of this contract are violated by the Contractor or by any of his subcontractors, the Owner or the Administrator may serve written notice upon the Contractor of intention to terminate such contract, such notice to contain the reasons therefor, and, unless within ten days after the serving of such notice upon the Contractor such violation shall cease and arrangements for correction satisfactory to both the Owner and the Administrator be made, the contract shall, upon the expiration of said ten days, cease and terminate. In the event of any such termination, the Owner or the Administrator or the Government may take over the work and prosecute the same to completion by contract or otherwise for the account of the Contractor. In such event the Owner or the Administrator may take possession of and utilize in completing the work, [fol. 2446] such materials, tools, supplies, equipment, appliances, and plant as may be on the site of the work and necessary therefor. In the event of any such termination the Owner and the Government may exercise any rights, claims, or demands that the Contractor may have against third persons in connection with this contract or the work prosecuted or to be prosecuted hereunder, and for such purpose the Contractor does hereby assign, transfer, and set over unto the Owner and the Government any and all such rights, claims and demands.

55. The foregoing provisions numbered 32 to 55 inclusive, shall be incorporated verbatim in all subcontracts for construction of any part of the work to be performed under this contract, except that whenever appropriate the name of the

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principal Contractor may be substituted for the word "Owner."

In Witness Whereof, the above-bounden parties have executed this instrument under their several seals this 29th day of June, 1936, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative pursuant to authority of its governing body.

Meigs County Electric Membership Corporation,  
(Signed) by J. W. Lillard, President. (Seal.)

Attest: (Signed) W. A. Shadon, Secretary.

Tennessee Valley Authority, (Signed) by Harcourt  
A. Morgan, Vice Chairman, Board of Directors.  
(Seal.)

Attest: (Signed) Charles E. Hoffman, Assistant Secretary.

[fol. 2447] Tennessee Valley Authority

Board of Directors: Arthur E. Morgan, Chairman; Harcourt A. Morgan, David E. Lilienthal

August 24, 1936.

Mr. J. W. Lillard, President, Meigs County Electric Membership Corporation, Decatur, Tennessee.

Refer to Tennessee-1-Meigs

DEAR MR. LILLARD:

Under date of June 29, 1936, a "Construction Contract" was entered into between the Meigs County Electric Membership Corporation and Tennessee Valley Authority.

The Tennessee Valley Authority hereby agrees that Section 3 of said Contract shall be amended and shall be considered amended to read as follows:

"Owner shall pay to Contractor, Contractor's total direct cost, as billed by Contractor, of furnishing the services described in Sections 1 and 2 above or in any of the sub-

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sequent provisions of this contract, plus twelve and one-half per centum (12½%) of such direct cost to cover overhead charges, it being the intention of the parties hereto that the Contractor shall furnish such services to Owner for actual cost, including overhead as above provided, without any profit whatsoever, but that the Contractor shall be fully reimbursed for all its direct costs plus said overhead incurred pursuant to this agreement. Contractor shall not be required to perform any part or portion of the services defined herein in the event the rendition of such services shall exceed in cost the amount of the loan provided for in said Loan Contract and any amendments thereto."

It is further agreed that Section 19 of said contract be amended and shall be considered amended to read as follows:

[fol. 2448] "Upon the execution of any subcontract the Contractor shall secure from the subcontractor a waiver or release of subcontractor's lien. The Contractor and any and all subcontractors shall, prior to or upon delivery of materials, appliances, and supplies, secure from any material men furnishing such materials, appliances, and supplies, a waiver or release of material men's liens."

Your signature in the space provided for that purpose at the end of this letter will indicate approval of this change on behalf of the Meigs County Electric Membership Corporation by you as President of said Corporation, and pursuant to the authority vested in you by the Board to negotiate a construction contract. Will you please sign three copies of the letter in order that each of the interested parties may have an original? In the event that this change is accepted, the change should, of course, be ratified by the Board of Directors of the Corporation at its next meeting.

Very truly yours, Tennessee Valley Authority,  
(Signed) Arthur E. Morgan, Chairman of the Board.

Accepted. (Signed) J. W. Lillard, President, Meigs County Electric Membership Corporation.



[fol. 2449] COMPLAINANTS' EXHIBIT No. 163

Contract Between Tennessee Valley Authority and Cullman  
County Electric Membership Corporation

This Agreement, made and entered into this 4th day of August, 1936, by and between Tennessee Valley Authority (hereinafter called "Authority"), a corporation created by the Tennessee Valley Authority Act of 1933, its successors and assigns, and the Cullman County Electric Membership Corporation (hereinafter called "Corporation"), a corporation duly organized, created, and existing under and by virtue of the laws of the State of Alabama.

Witnesseth:

Whereas, Corporation and Authority have entered into a power contract of even date herewith, under the terms of which Corporation agrees to purchase from Authority and Authority agrees to supply the entire electricity requirements of Corporation; and

Whereas, Authority is empowered by Section 10 of the Tennessee Valley Authority Act to promote and encourage the fullest possible use of electric light and power on farms and in small villages by constructing rural transmission lines thereto; and

Whereas, Corporation has requested that Authority construct rural transmission lines in Cullman County, Alabama, and to sell such lines to Corporation; and

[fol. 2450] Whereas, Corporation and Authority desire to set forth and define the terms and conditions upon which Authority shall build such lines and transfer same to Corporation.

Now, Therefore, for and in consideration of the mutual covenants contained herein, the parties hereto mutually agree as follows:

1. Authority shall construct for Corporation in Cullman County, Alabama, such rural transmission lines as Authority may deem feasible from the standpoint of both Authority and Corporation.

2. Corporation shall accept the rural transmission lines heretofore or hereafter constructed by Authority in Cullman County, Alabama, and shall reimburse Authority for the cost to Authority of constructing such lines, including overheads.

## COMPLAINANTS' EXHIBIT No. 163

1  
3. Corporation agrees to secure at its own expense the easements necessary for the construction of the lines Authority elects to build for Corporation hereunder. Such easements shall be secured in form acceptable to Authority and shall run to and be the property of Corporation and assigns.

4. Corporation agrees to secure all the franchises and consents from the governing bodies of the counties and the governing bodies of incorporated towns which may be necessary for the construction and operation by Authority or Corporation of the rural transmission lines herein provided for.

5. Authority agrees to proceed with due diligence to construct those rural transmission lines in Cullman County which it deems feasible, and further agrees to deliver to Corporation such part or parts of said rural transmission [fol. 2451] lines when the construction has progressed to such a stage that the properties are practicably usable for electric service by Corporation. Corporation agrees to accept such lines as delivered by Authority and to operate them on Corporation's behalf.

6. Authority will notify Corporation upon the completion of the construction of the project and upon the determination of the cost thereof. Authority will execute a conveyance transferring all of its rights to this property to Corporation and will present to Corporation for execution a note or bond to the Tennessee Valley Authority covering the cost of the lines. Corporation agrees to secure the payment of this obligation by a mortgage covering all of the property so conveyed to the Corporation, made in favor of Authority (and to the Rural Electrification Administration in the event that agency finances a portion of the lines constructed in Cullman County).

7. Corporation agrees to save Authority harmless from any liability arising out of Corporation's operation of the lines. Corporation agrees to secure adequate workmen's compensation insurance and to secure public liability insurance in an amount of not less than Twenty-five Thousand Dollars (\$25,000) for injuries, including wrongful death to any one person, and subject to the same limit for each per-



## COMPLAINANTS' EXHIBIT No. 163

son in an amount not less than Fifty Thousand Dollars (\$50,000) for injuries including wrongful death to two more persons on account of one accident, and property damage insurance in an amount of not less than Ten Thousand Dollars (\$10,000).

[fol. 2452] In Witness Whereof, the parties hereto have caused this instrument to be executed the day and year first above written.

Tennessee Valley Authority (Signed) by Arthur E. Morgan, Chairman of the Board of Directors.  
C. G. D., Legal Division.

Attest: (Signed) Charles E. Hoffman, Asst. Secretary.

Cullman County Electric Membership Corporation,  
(Signed) by W. T. Clemons, President. (Seal.)

Attest: (Signed) Emmett S. Oden, Secretary-Treasurer.

JLF:CGD:MC.

## [fol. 2453] COMPLAINANTS' EXHIBIT No. 164

Construction Contract Between TVA and Cullman County (Alabama) Electric Membership Corporation, Dated February 19, 1936.

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 162 except:

(1) The construction loan contract with Rural Electrification Administration is stated to be in the amount of \$105,000.00 to be used in the construction of rural electric lines in the County of Cullman, State of Alabama;

(2) The completion date is on or before the 31st day of May, 1937;

(3) It does not contain provisions Nos. 38, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50 and 51 of Complainants' Exhibit No. 162;

(4) It does contain the following provision, which does not appear in Complainants' Exhibit No. 162:

## COMPLAINANTS' EXHIBIT No. 164

44. In the event Owner does not, within a reasonable time after the date of the contract, (due to lack of necessary consents or authorizations, or otherwise) deliver its deed of trust and mortgage bond in accordance with said Construction Loan Contract between Government and Owner, then Contractor shall be under no obligation to Owner under this Construction Contract and all of the lines engineered and constructed by Contractor in Cullman County, Alabama, shall be and remain the property of Contractor and in such event Owner agrees to assign to Contractor (or part to Contractor and part to the United States of America pursuant to the Tennessee Valley Authority Act of 1933 if Contractor shall stipulate that form of conveyance) all rights of way, easements, consents and franchises which Owner has obtained covering the lines so engineered and constructed by Contractor and thenceforth Owner shall not be considered as having any further interest in the lines whatsoever. For the purpose of this Contract a "reasonable time" shall be interpreted to mean three months from the date hereof. This remedy shall be in addition to such other remedy or remedies which Contractor may have under the Construction Contract. The pursuit of this or any other remedy by Contractor shall not be deemed to constitute an election.

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[fol. 2454] COMPLAINANTS' EXHIBIT No. 165

Supplemental Contract Between TVA and Cullman County Electric Membership Corporation, Dated February 27, 1937

This contract amends provision No. 44 in the contract between TVA and Cullman County Electric Membership Corporation, dated September 19, 1936 (Complainants' Exhibit No. 164) so that it will read as follows:

44. In the event Owner does not, within a reasonable time after the date of the contract, (due to the lack of necessary consents or authorizations, or otherwise) deliver its deed of trust and mortgage bond in accordance with said Construction Loan Contract between Government and

## COMPLAINANTS' EXHIBIT No. 165

Owner, then Contractor may at its election terminate its obligations to Owner under this Construction Contract. If Contractor so elects to terminate such obligations, all of the lines engineered and constructed by Contractor in Cullman County, Alabama, shall be and remain the property of Contractor and in such event Owner agrees to assign to Contractor (or partly to Contractor and partly to the United States of America pursuant to the Tennessee Valley Authority Act of 1933, if Contractor shall request that form of conveyance) all rights of way, easements, consents and franchises which Owner has obtained covering the lines so engineered and constructed by Contractor and thenceforth Owner shall not be considered as having any further interest in the lines whatsoever. For the purpose of this contract a "reasonable time" shall be interpreted to mean six (6) months from the date hereof. The election of Contractor to enforce its rights under this section shall not be deemed to be a waiver of any other remedy which Contractor may have under this contract.

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## [fol. 2455] COMPLAINANTS' EXHIBIT No. 166

Construction Contract Between TVA and North Georgia Electric Membership Corporation, Dated September 4, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 162 except:

(1) The construction loan contract with Rural Electrification Administration is stated to be in the amount of \$375,000.00 to be used in the construction of rural electric lines in the counties of Catoosa, Chattooga, Whitfield, Floyd, Dade, Murray, Gordon and Walker in the State of Georgia, and Hamilton County, Tennessee;

(2) The completion date is on or before the 1st day of May, 1937.

## [fol. 2456] COMPLAINANTS' EXHIBIT No. 167

Construction Contract Between TVA and The Middle Tennessee Electric Membership Corporation, Dated September 15, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 162 except:

(1) The construction loan contract with Rural Electrification Administration is stated to be in the amount of \$254,000.00 to be used in the construction of rural electric lines in the Counties of Rutherford, Wilson, Davidson, Cannon and Smith in the State of Tennessee;

(2) The completion date is on or before the 31st day of May, 1937;

(3) It does not contain provisions Nos. 38, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50 and 51 of Complainants' Exhibit No. 162;

(4) It contains the provision No. 44 which appears in Complainants' Exhibit No. 164.

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## [fol. 2457] COMPLAINANTS' EXHIBIT No. 168

Construction Contract Between TVA and Southwest Tennessee Electric Membership Corporation, Dated December 9, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 162 except:

(1) The construction loan contract with Rural Electrification Administration is stated to be in the amount of \$290,000.00 to be used in the construction of rural electric lines in the Counties of Haywood, Madison, Tipton and Lauderdale in the State of Tennessee;

(2) The completion date is on or before the 1st day of June, 1937;

(3) It does not contain provisions Nos. 38, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50 and 51 of Complainants' Exhibit No. 162;

## COMPLAINANTS' EXHIBIT No. 168

(4) It does contain the following provision, which does not appear in Complainants' Exhibit No. 162:

44. In the event the Construction Loan Contract between Government and Owner hereinbefore referred to is not executed on or before January 15, 1937, then Contractor shall be under no obligation to Owner under this contract and all of the lines engineered and constructed by Contractor in Haywood, Tipton, Madison, and Lauderdale Counties in the State of Tennessee shall be and remain the property of Contractor and in such event Owner agrees to assign to Contractor all rights of way, easements, consents and franchises which Owner has obtained covering the lines so engineered and constructed by Contractor and thenceforth Owner shall not be considered as having any further interest in the lines whatsoever.

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[fol. 2458] - COMPLAINANTS' EXHIBIT No. 169

Construction Contract Between TVA and Gibson County (Tennessee) Electric Membership Corporation, Dated March 30, 1937

- To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 162 except:

(1) The construction loan contract with Rural Electrification Administration is stated to be in the amount of \$143,500.00 to be used in the construction of rural electric lines in the Counties of Gibson, Dyer and Obion in the State of Tennessee;

(2) The completion date is on or before the 6th day of January, 1938;

(3) It does not contain provisions Nos. 38, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50 and 51 of Complainants' Exhibit No. 162.

[fol. 2459] COMPLAINANTS' EXHIBIT No. 170

**Agreement for Sale and Construction of Rural Lines Between Tennessee Valley Authority and Joe Wheeler Electric Membership Corporation**

This Agreement, made and entered into the 14th day of May, 1937, by and between Tennessee Valley Authority (hereinafter called "Authority"), a corporation created by the Tennessee Valley Authority Act of 1933, and Joe Wheeler Electric Membership Corporation (hereinafter called "Corporation"), a corporation duly organized, created, and existing under and by virtue of the laws of the State of Alabama.

Witnesseth:

Whereas, pursuant to sections 10 and 12 of the Tennessee Valley Authority Act of 1933, as amended, Authority has constructed and/or acquired and now owns certain rural electric transmission and distribution lines in Morgan and Lawrence Counties, Alabama; and

Whereas, Corporation has been chartered and duly organized under the laws of the State of Alabama as a non-profit electric membership corporation for the purpose of acquiring and/or constructing a rural electric distribution system to be used in distributing electricity to its members [fol. 2460] at the lowest cost consistent with sound economy, and without profit; and

Whereas, Corporation desires to purchase from Authority certain of the rural electric distribution lines which Authority now owns in Morgan and Lawrence Counties, Alabama, and to have certain additional rural lines constructed by the Authority for Corporation in and adjacent to said counties, and the parties desire to set forth and agree upon the procedure, terms, and conditions under which said sale shall be effected and said construction done;

Now, Therefore, for and in consideration of the mutual benefits to both parties hereto and of the covenants and agreements herein contained, the parties hereto covenant and agree as follows:

1. Sale of Existing Rural Lines.—Corporation agrees to purchase from Authority such of the rural electric lines now owned by Authority in Morgan and Lawrence Counties, Alabama, as Authority may find unnecessary to be retained as a part of Authority's own distribution system



**COMPLAINANTS' EXHIBIT No. 170**

and Corporation finds necessary or desirable as a part of Corporation's rural distribution system.

2. **Construction of Additional Rural Lines.**—Corporation hereby requests Authority to construct for Corporation such additional rural electric distribution lines in and adjacent to Morgan and Lawrence Counties, Alabama, as Corporation and Authority may from time to time agree upon and designate.

[fol. 2461] A. **Designation of Additional Lines.**—Any such rural lines shall be deemed to have been agreed upon by Authority and Corporation for the purposes of this section when (1) Authority's work order covering the proposed lines has been presented to Corporation's Executive Committee and said committee has approved the same, and (2) the President of the Corporation has signed the work order on behalf of the Corporation.

B. **Easements for Additional Lines.**—Corporation agrees to secure at its own expense all rights of way and easements over privately or publicly owned land which may be necessary for the construction, maintenance, and operation of the additional rural lines to be built by Authority for Corporation under this section. Such easements shall be taken in form acceptable to Authority and shall run to and be the property of Corporation and assigns.

3. **Franchises and Consents.**—Corporation agrees to secure at its own expense all franchises and consents from the governing bodies of counties and incorporated towns, or other appropriate State bodies, which may be necessary for the construction, maintenance, and operation of the rural electric lines herein provided for, or the acquisition thereof by Corporation.

4. **Payment by Corporation for Rural Lines.**—Corporation agrees to pay Authority for the rural lines purchased from Authority under section 1, and the rural lines constructed by Authority for Corporation under section 2 of this agreement, an amount equal to the cost to Authority of acquiring or constructing the same, plus overheads.



## COMPLAINANTS' EXHIBIT No. 170

[fol. 2462] 5. Delivery and Conveyance of Rural Lines to Corporation, and Execution of Power Contract, Note, and Mortgage.—Upon completion of construction of a sufficient number of rural lines by Authority for Corporation to provide a rural electric system which in Authority's judgment may be economically and satisfactorily operated by Corporation, Authority shall convey to Corporation the rural lines prescribed under section 1 hereof, and shall deliver possession to Corporation of the rural lines constructed for Corporation under section 2 hereof. Prior to or simultaneously with the conveyance and delivery of such rural lines to Corporation, Corporation shall execute with Authority a power contract in the standard form in effect between Authority and similar electric membership corporations, providing for the supply by Authority of Corporation's wholesale electric requirements, the resale of such electric energy, and the method of payment of Corporation's long-term obligations to Authority.

Simultaneously with the conveyance and delivery of rural lines by Authority to Corporation, Corporation shall execute its note to Authority in an amount equal to the cost to Authority of constructing or acquiring such rural lines, plus overhead, and Corporation shall further execute its first mortgage, covering all present or after acquired property of the Corporation, as security for the payment of Corporation's note or other obligations to Authority.

In Witness Whereof, the parties hereto have caused this agreement to be signed and sealed by their duly authorized [fol. 2463] officers the day and year first above written.

Tennessee Valley Authority, by (S.) Arthur Morgan, Chairman of the Board.

Attest: (S.) Charles E. Hoffman, Ass't Secretary.

Joe Wheeler Electric Membership Corporation, by  
(S.) W. F. Price, President.

Attest: (S.) J. W. Smith, First Vice President.

JLF:WTM:EJ.

MC.

[fol. 2464]      COMPLAINANTS' EXHIBIT No. 170-A

**Supplemental Agreement Between Tennessee Valley Authority and Joe Wheeler Electric Membership Corporation**

This agreement, made and entered into the 24 day of September, 1937, by and between Tennessee Valley Authority (hereinafter called "Authority"), a corporation created by the Tennessee Valley Authority Act of 1933, and Joe Wheeler Electric Membership Corporation (hereinafter called "Corporation"), a corporation duly organized, created and existing under and by virtue of the laws of the State of Alabama,

Witnesseth:

Whereas, on May 14, 1937, Authority and Corporation entered into a certain contract entitled "Agreement for Sale and Construction of Rural Lines between Tennessee Valley Authority and Joe Wheeler Electric Membership Corporation" (hereinafter called the "Agreement") under which Authority agreed to sell, and Corporation to purchase, certain rural lines owned by Authority in Morgan and Lawrence counties, Alabama, and under which Authority further agreed to construct certain additional rural lines for Corporation, Corporation to reimburse Authority therefor at its actual costs plus overheads, and

Whereas, Corporation has requested delivery of the lines purchased from Authority under section 1 of the Agreement, and also of the lines which have been completed by Authority [fol. 2465] ity for Corporation under section 2 of the Agreement, in order that Corporation may commence operation of its distribution system, and

Whereas, the parties desire to set forth and agree upon the terms and conditions upon which the transfer of such lines shall be effected,

Now, therefore, for and in consideration of the mutual benefits to both parties hereto, and of the covenants and agreements herein contained, the parties hereto covenant and agree as follows:

1. Transfer of Lines—Authority shall deliver to Corporation on October 1, 1937, and Corporation shall accept delivery of, the approximately 78.52 miles of rural transmission and distribution lines which Authority owns in Morgan and Lawrence counties, Alabama, and which Authority agreed

## COMPLAINANTS' EXHIBIT No. 170-A

to sell to Corporation under section 1 of the Agreement. Authority shall also deliver to Corporation such of the rural lines which Authority is constructing for Corporation under section 2 of the Agreement as have been completed on October 1 and are suitable for immediate operation by Corporation. As additional rural lines are completed by Authority for Corporation pursuant to said Agreement, they shall be transferred to Corporation for operation as a part of its distribution system. An itemized list of the work orders covering the above lines, property and improvements is attached to this contract as "Exhibit A."

2. **Payment for Lines**—Corporation agrees to pay Authority One Hundred Twenty Thousand Three Hundred Ninety-eight Dollars and Forty-five Cents (\$120,398.45) for the rural lines and properties sold Corporation under section 1 of the Agreement. The estimated cost of the additional [fol. 2466] rural lines which Authority is constructing for Corporation under section 2 of the Agreement is One Hundred Ten Thousand Five Hundred Seventy-one Dollars (\$110,571.00). This amount, however, shall be subject to adjustment, plus or minus, when the construction of rural lines for Corporation has been completed and the total cost thereof can be definitely determined.

3. **Accounts Receivable**—Corporation hereby purchases from Authority all accounts receivable which Authority holds on October 1, 1937, against customers receiving service on the lines transferred to Corporation. Such accounts receivable shall be delivered to Corporation and the total amount thereof shall be added to Corporation's long-term obligation to Authority. The amount of such accounts is estimated to be Two Thousand Two Hundred Forty-one Dollars and Thirty-eight Cents (\$2,241.38), but this sum shall be subject to adjustment, plus or minus, when the precise amount thereof has been determined. Corporation hereby assumes the rights and obligations of Authority with respect to the collection of those accounts of the Electric Home and Farm Authority, Inc., (which are now being collected by Authority) in the area in which Corporation operates.

4. **Meter Deposits and Amortization Charges**—Authority will credit Corporation in the amount of all its remaining

## COMPLAINANTS' EXHIBIT No. 170-A

active customer deposits plus accrued interest to October 1, 1937, which were made by customers on the lines transferred hereunder before said lines were acquired by Authority, together with all remaining deposits made by customers during the period in which Authority operated such lines. The total amount of such deposits and accrued interest shall be credited upon Corporation's long-term obligation to Authority, and Corporation agrees to assume full responsibility [fol. 2467] for the disposition or return of all deposits and accrued interest and to save Authority harmless from any liability or controversy which may arise in respect thereto.

Authority shall also determine the amount of amortization charges collected by Authority from customers on the transferred lines during the period of operation by Authority, and shall credit Corporation's long-term obligation with the amount thereof.

For the purpose of this transfer, the amount of such deposits, accrued interest, and amortization charges is estimated to be Four Thousand Two Hundred Nineteen Dollars and One Cent (\$4,219.01), but this sum shall be subject to adjustment, plus or minus, when the precise amount thereof has been determined.

5. Long-Term Obligation—The tentative amount of Corporation's long-term obligation to Authority under this contract and under the Agreement is Two Hundred Twenty-eight Thousand Nine Hundred Ninety-one Dollars and Eighty-two Cents (\$228,991.82). Said obligation shall be paid by Corporation in the manner set forth in the Agreement and the Power Contract executed between Authority and Corporation on even date herewith. When the rural lines which Authority is constructing for Corporation shall have been completed and the definite cost thereof determined, Corporation shall issue its note to Authority in the amount of its long-term obligation, secured by a Mortgage of all present and after-acquired property of Corporation, as provided by section 5 of the Agreement. Until the execution of said note and Mortgage, Authority and the United States of America shall retain full title to all lines sold to Corporation under section 1 of the Agreement and Authority shall retain a first lien upon all lines and property con-

## COMPLAINANTS' EXHIBIT No. 170-A

[fol. 2468] structured for Corporation under section 2 of the Agreement.

6. Maintenance and Insurance of Property—Corporation agrees that it will at all times make or cause to be made at its own expense such repairs, renewals and replacements as shall be necessary to maintain, preserve and keep in good repair and working order the property delivered hereunder. Corporation shall pay all taxes and assessments on the property and shall save Authority harmless from all suits, liability or claims which may arise from or in connection with the maintenance and operation of the system. Corporation further agrees to preserve and keep in force public, property, and Workmen's Compensation insurance in such amounts as Authority may reasonably deem necessary for security of the payment of Corporation's obligations.

7. Power Contract—Corporation agrees to perform and abide by all the covenants and agreements contained in the Agreement and in the Power Contract, and Corporation recognizes that compliance with the above contract is an essential part of the consideration of this Supplemental Agreement.

8. Contract Not Transferable—Neither this contract nor any interest therein shall be transferable or assignable by Corporation unless the written consent of Authority thereto is first obtained.

In witness whereof, the parties hereto have caused this instrument to be signed and attested by their duly authorized officers the day and year first above written.

Tennessee Valley Authority, (S.) by John B. Blandford, Jr., General Manager. W. T. M. Legal Div.  
(Seal.)

Attest: (S.) Charles E. Hoffman, Assistant Secretary.

Joe Wheeler Electric Membership Corporation,  
(S.) by W. T. Price, President.

Attest: (S.) J. Wheeler Smith, Secretary.

JLF:WTM:EW.

## COMPLAINANTS' EXHIBIT No. 170-A

[fol. 2469]

## "EXHIBIT A"

Estimated Costs of New Construction and Purchased Property to be Transferred

to Joe Wheeler Electric Membership Corporation

Work Orders		County	Cost
1205	Service to Nelm's Slaughter House.....	Morgan	\$755.61
1206	Extension to Rosenwald School.....	Lawrence	840.65
1209	Service to W. H. Halloway.....	Morgan	18.77
1210	" " J. L. Wallace.....	"	260.32
1213	" " W. E. Gibson.....	"	91.00
1215	Contribution for Range Installation.....	"	431.25
1216	" " ".....	Lawrence	284.40
1224	Service to R. O. Wyatt.....	Morgan	422.45
1229	" " E. C. Ragsdale.....	"	108.59
1234	" " R. M. Richardson.....	Lawrence	12.34
1247	" " G. C. Mann.....	Morgan	180.55
1253	Demand Features to Gin Meters.....	"	50.22
1258	" " ".....	Lawrence	50.22
1265	Service to W. E. Steed.....	Morgan	453.56
1269	" " J. H. Nail.....	"	39.41
1275	" " Hartselle Water Pumping Sta.....	"	306.58
1283	" " T. M. Patton.....	"	61.10
1291	Extension to Trinity Mountain.....	"	943.06
1297	Service to R. M. Teague and R. M. McElroy.....	"	193.91
1299	" " Howard Jones.....	"	185.64
1300	" " F. E. Alexander.....	"	66.42
1301	" " Paul Lang and T. H. Cartee.....	Lawrence	135.56
1304	" " W. O. McCarley.....	Morgan	97.39
1305	" " H. F. Mitchell Tourist Camp.....	"	252.60
1310	" " ".....	"	46.36
1313	" " Mrs. Cora McEntire.....	"	70.20
1315	" " Leonard Wallace.....	"	163.30
1318	Install fuses on Falkville-Eva Line.....	"	270.00
1325	Service to Fred Morris.....	"	56.74
1326	" " T. H. Jones.....	"	126.44
1330	" " Roes and Lee Goodlett.....	Lawrence	40.81
1331	" " W. H. Gregory and Chas. Dillard.....	Morgan	8.09
1333	" " ".....	"	123.58
1332	" " Geo. Lewis and M. Carpenter.....	"	137.03
1337	" " J. South.....	Lawrence	41.93
1343	" " Minor Russell.....	Morgan	183.66
1347	" " Falkville and Eva Line.....	"	140.10
1348	" " ".....	"	149.41
1349	" " Bill Cook.....	"	92.87
1350	" " W. W. Sufferford.....	"	175.13
1351	" " Hardin and Parker.....	"	57.69
1352	" " Mrs. Jim Ashworth.....	"	32.44
1353	" " R. E. Graham.....	Lawrence	106.82
1356	" " Clyde McEntire.....	Morgan	81.26
1357	" " H. A. Turner.....	Lawrence	227.49
1358	" " P. Delenahaw.....	"	88.09



## COMPLAINANTS' EXHIBIT No. 170-A

[fol. 2470]

Work Orders	County	Cost
1359 Service to N. Almon.....	Lawrence	\$19.85
1365 " " C. N. Ryan.....	Morgan	75.24
1366 " " M. McEntire.....	"	45.82
1369 " " Bill Stephenson.....	"	59.53
1370 " " A. R. Ratliff.....	"	143.82
1371 " " S. A. Ryan.....	"	31.73
1374 " " Lillian Proctor.....	"	28.05
1375 " " Hillsboro School.....	Lawrence	143.30
1379 " " J. A. Bates.....	Morgan	185.24
1395 " " J. Glascock & C. H. Roan.....	"	313.21
1400 " " J. B. Sewell.....	"	204.71
Job Orders under various Work Orders covering small services and replacements.....		1,000.00
2188 Services in Morgan County (Blanket).....	Morgan	1,453.00
2309 Extension West on Joe Wheeler Highway from Trinity.....	"	2,355.00
2391 Falkville-Lacon Extension.....	"	2,701.00
2409 Service to Falkville Milling Co.....	"	1,731.00
2410 Extension South of Lacon.....	"	1,368.00
2427 Service in Morgan County (Blanket).....	"	1,620.00
2429 " " Lawrence.....	Lawrence	535.00
2453 Tie Line from Falkville to Lacon.....	Morgan	1,139.00
2579 Const. approximately 95.4 miles of single-phase 6900 V. power line in Morgan and Lawrence Counties.....		101,234.00*
2687 Const. 4.25 miles of 3-phase, 4-wire 12,000 V. power lines		4,385.00*
2688 Revision of existing primary circuits.....		4,432.00*
2779 Rehabilitate Rural Line in Morgan County.....		520.00*
Purchased Property		
Lawrence County.....		26,803.21
Morgan County.....		69,781.80
Total Cost (Estimated).....		\$230,969.45

\* Estimates.

[fol. 2471] Morgan and Lawrence Counties

Estimated Balances as of: September 30, 1937

Accounts Receivable—Customers .....	\$2,207.08*
Accounts Receivable—Merchandise .....	34.30
Consumers—Deposits and Interest .....	1,676.10
Amortization Collection .....	3,542.91

\*Includes \$681.53 for 4 gins—Based on September 1936 billing.

EW.



[fol. 2472] COMPLAINANTS' EXHIBIT No. 171.

Construction Contract Between TVA and Monroe County  
(Mississippi) Electric Power Association,  
Dated July 7, 1937.

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 162 except:

(1) The construction loan contract with Rural Electrification Administration is stated to be in the amount of \$95,200.00 to be used in the construction of rural electric lines in the Counties of Monroe and Lowndes in the State of Mississippi;

(2) The completion date is on or before the 15th day of June, 1938;

(3) It does not contain provisions Nos. 38, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50, 51 and 52 of Complainants' Exhibit No. 162.

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[fol. 2473] COMPLAINANTS' EXHIBIT No. 172.

Construction Contract Between TVA and Duck River  
Electric Membership Corporation, Dated June 15, 1937.

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 162 except:

(1) The construction loan contract with Rural Electrification Administration is stated to be in the amount of \$368,908.00 to be used in the construction of rural electric lines in the Counties of Marshall, Moore, Maury and Franklin in the State of Tennessee;

(2) The completion date is on or before the 15th day of June, 1938;

(3) It does not contain provisions Nos. 38, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50 and 51 of Complainants' Exhibit No. 162.

[fol. 2474] COMPLAINANTS' EXHIBIT No. 173.

**Agreement Between Tennessee Valley Authority and Town  
of Pulaski, Tennessee**

**Construction of Rural Lines**

This Agreement made and entered into this 23rd day of August, 1935, between the Tennessee Valley Authority, hereinafter called "Authority," a corporation created by and acting under the Tennessee Valley Authority Act of 1933, and the Town of Pulaski, Tennessee, a municipal corporation duly organized, created and existing under and by virtue of the laws of the State of Tennessee, hereinafter called "Municipality."

Witnesseth:

Whereas, on March 8, 1934, a power contract was entered into between Authority and Municipality by virtue of which Authority has been furnishing surplus power generated by it and not used in its operations to Municipality, and

Whereas, Municipality desires to extend its area of service to include suburban and rural customers in and adjacent to Giles County, Tennessee, and

Whereas, Authority is empowered by Section 10 of the [fol. 2475] Tennessee Valley Authority Act to promote the use of electric light and power on farms and small villages by constructing rural transmission lines, and

Whereas, Municipality desires that Authority construct such lines on behalf of Municipality or aid in their construction and Municipality proposes to make the necessary appropriations in payment therefor;

Now, Therefore, for and in consideration of the mutual covenants contained herein, the parties hereto mutually agree as follows:

1. Construction of Rural Lines.—Authority agrees, upon request, of Municipality, to construct such additional rural lines on the Municipality's electric system, within or adjacent to Giles County, State of Tennessee, as the parties may agree, or at its option to assist in such construction in the manner set out below. Should the Authority elect to construct said lines, at its option it may do so (a) by construction for and on behalf of Municipality, as Municipality's agent for such construction; or (b) by construction on its own account and conveying the lines so constructed

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to Municipality; or (c) by construction on its own account and leasing the same to Municipality for a period of fifty (50) years. If Authority should elect alternative (b) or (c) of this paragraph, Municipality agrees, at request of the Authority, promptly to secure the necessary easements, franchises and rights-of-way for such lines at its own expense and to transfer and assign such easements, franchises and rights-of-way to Authority without charge.

At the election of Authority, in lieu of constructing the rural lines agreed upon, Authority may assist in such construction by supplying Municipality with the poles, wire, transformers, hardware, and other materials and equipment necessary in the construction of such lines and with supervisory assistance, whereupon Municipality shall itself construct said lines in accordance with approved engineering standards and subject to Authority's supervision.

Municipality agrees to pay Authority for any lines constructed by Authority pursuant to this paragraph, for all materials, supplies, and equipment furnished pursuant hereto, and for all work of construction and installation, at the actual cost thereof as billed by Authority, plus interest at four per cent (4%) per annum on the unpaid balance. In computing the cost of work performed by Authority, the costs of overhead, as billed by Authority, shall be added to direct costs.

2. Operation, Maintenance and Insurance of Rural Lines.—Municipality agrees to operate the rural lines constructed by Authority, or constructed with supplies furnished by Authority, as a part of its distribution system, and to render rural electric service at the same rates and on the same terms and conditions as its urban electric service subject to the qualifications hereinafter contained. Municipality agrees that it will at all times make, or cause to be made, at its own expense, such repairs, maintenance, renewals, and replacements as shall be necessary to maintain, preserve, and keep the rural lines so constructed and the equipment so installed in good repair, working order, and condition, and to maintain and preserve the efficiency thereof, and to execute such work of maintenance or improvement as Authority may deem necessary for the protection of its

## COMPLAINANTS' EXHIBIT No. 173.

interest in said property, to pay all taxes and assessments thereon of whatever nature or description, to save harmless [fol. 2477] Authority from any liability for taxes on the property sold or leased to or constructed for Municipality, including taxes for the year 1935, and to save Authority harmless from any liability arising out of the operation of said lines. Municipality agrees to keep such property, whether constructed by Authority as agent for Municipality, or constructed, purchased, or leased by Municipality, insured in such manner and amount as Authority may deem prudent and desirable, for the protection of Authority as its interest may appear.

3. Municipality agrees to charge all consumers on the lines constructed pursuant to this agreement the rates prescribed for the several classes of customers in Schedule B, entitled "Tennessee Valley Authority Resale Rates," attached to and made a part of the power contract referred to above between Authority and Municipality, and not to depart therefrom except with the written consent of Authority; Provided, however, that Municipality may add to the resale rates therein prescribed a temporary amortization charge applicable to all customers on the lines constructed pursuant to this agreement of 1c per kwh for the first 100 kwh used per month, such charge to be not less than 25c nor more than \$1.00 per customer per month, but such amortization charge shall be temporary only and shall be discontinued as soon as Municipality has paid the full principal and interest of the indebtedness due Authority under this contract. The proceeds of such amortization charge shall be deposited in a special fund to be used only for the amortization of the lines constructed hereunder.

4. Municipality agrees to pay to Authority on account of its indebtedness under this contract and until such indebtedness shall have been totally repaid, (a) all amortization [fol. 2478] charges collected under this agreement, (b) the total surplus or remaining revenue specified in Section 10 (b) of the "Schedule of Rules and Regulations," attached to and made a part of the power contract referred to above between Authority and Municipality. Such surplus revenue shall be paid to Authority by Municipality prior to the amortization of the amount referred to in Article VI of the

## COMPLAINANTS' EXHIBIT No. 173.

agreement between Authority and Municipality as to Municipality's investment in its electric system dated August 22nd, 1935.

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority (Signed), by Arthur E. Morgan, Chairman, Board of Directors. I. C. S., Leg. Div.

Attest: Charles E. Hoffman, Assistant Secretary.

Town of Pulaski, Tennessee, by W. R. Rackley, Mayor.

Attest: Lew Jones, City Recorder.

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[fol. 2479] COMPLAINANTS' EXHIBIT No. 174

Construction Contract Between Tennessee Valley Authority  
and City of Dayton, Tennessee

This agreement made and entered into the 24th day of January 1936, between the Tennessee Valley Authority, hereinafter called Contractor, a corporation created by Act of Congress, May 18, 1933, and the City of Dayton, Tennessee, a municipal corporation organized and existing by virtue of the laws of the State of Tennessee, hereinafter called Owner is made pursuant to a loan contract dated November 4, 1935, between the United States of America (hereinafter called "Government") by the Administrator of the Rural Electrification Administration (hereinafter called "Administrator") and the City of Dayton, Tennessee.

Witnesseth:

Whereas, Owner has executed a loan contract with Government acting through Administrator in the amount of \$38,058 by which Owner is to receive funds to be used in the construction of rural electric lines in and adjacent to Rhea County, Tennessee, and

Whereas, Contractor by Section 10 of the Tennessee Valley Authority Act of 1933 is authorized to construct trans-

## COMPLAINANTS' EXHIBIT No. 174

mission lines to farms and small villages that are not otherwise supplied with electricity at reasonable rates, and

Whereas, all parties to this contract have duly authorized its execution,

[fol. 2480] Now Therefore, for and in consideration of the mutual covenants herein contained and subject to all the provisions of the Tennessee Valley Authority Act of 1933, the parties hereto mutually covenant and agree as follows:

1. The Contractor and Owner shall jointly and/or severally make or cause to be made such preliminary engineering, surveys, maps, plans, drawings, specifications and estimates and perform such other related services as are necessary or useful in determining the feasibility, and in constructing the proposed project. The total cost of such preliminary engineering, surveys, maps, plans, drawings, specifications, estimates, legal expenses and other services shall not exceed 10% of the total cost of \$38,058, as is provided in Section 1 of Article IV of the Loan Contract, between the Government and Owner, dated 4th day of November, 1935. Owner shall pay to Contractor the cost of such preliminary engineering, surveys, maps, plans, drawings, specifications and estimates so prepared and the cost of other related services rendered by Contractor, at Contractor's direct cost plus overhead, but which cost together with the cost of the preliminary engineering, surveys, maps, plans, drawings, specifications and estimates prepared and the cost of legal and other services rendered by Owner shall not exceed the total cost of \$3,805.80. Contractor shall furnish the material, labor, tools and equipment necessary for the construction, and shall construct those rural transmission lines (shown on Map No. HC-781 and Drawings LC-782, LC-783, LC-785, LC-786, LC-787, attached hereto and hereby incorporated herein, and in accordance with Contractor's standard specifications attached hereto and hereby incorporated herein) which the [fol. 2481] Owner shall request and which shall not exceed the cost to contractor of \$38,058, less the cost of the preliminary engineering, surveys, maps, plans, drawings, specifications, estimates, legal expenses and other services of Contractor and Owner referred to above. Owner shall pay Contractor at Contractor's direct cost plus overhead for all



## COMPLAINANTS' EXHIBIT No. 174

the lines so constructed. All sums due hereunder shall be paid by Owner to Contractor within thirty (30) days after the presentation of invoice therefor by Contractor.

2. (a) The Contractor shall not assign this Contract or any part hereof without the approval of the Owner and the Administrator.

(b) The Contractor shall perform, directly and without subcontracting, not less than 25 per cent of the construction, to be calculated on the basis of the total contract price.

(c) No part of this Contract shall be sublet without the approval of the Owner and the Administrator. If the Contractor shall sublet any part of this Contract, the Contractor shall be as fully responsible to the Owner and the Government for the acts and omissions of his subcontractor and of the persons either directly or indirectly employed by his subcontractor, as he is for his own acts and omissions and those of persons directly employed by him.

3. (a) The Contractor shall provide all labor, services, materials, and equipment necessary to perform and complete the work under this Contract, except as otherwise provided in the plans and specifications.

(b) The Contractor shall purchase all materials and supplies outright and not subject to any conditional sales [fol. 2482] agreement, bailment lease, or other agreement reserving to the seller any right, title or interest.

(c) All materials and supplies shall become the property of the Owner when the invoice rendered by Contractor to Owner, under Section 1, shall be fully paid; provided, however, that the Owner or the Administrator may condemn any such materials and supplies as do not comply with the plans and specifications, either before or after incorporation of such materials and supplies into the Project, and thereafter any such condemned materials and supplies shall be removed and immediately replaced with materials and supplies complying with the plans and specifications.

4. All employees other than those in executive, administrative, supervisory or highly skilled positions shall be paid in full, at least once every two weeks within ten (10) days after the close of the payroll period.

## COMPLAINANTS' EXHIBIT No. 174

5. The Administrator shall have the right to supervise the performance of this contract and shall have the right to inspect all work and materials and shall have access to all payrolls, records of personnel, invoices of material, and all other data and records relevant to the performance of this contract. Reasonable facilities shall be provided for the use of agents of the Administrator.

6. In the performance of this contract there shall be used only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials and supplies as [fol. 2483] have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, provided, however, that if the Administrator shall find that in respect to some particular articles, materials, or supplies it is impracticable to make such requirement or that it would unreasonably increase the cost, an exception shall be noted in the specifications as to that particular article, material or supply.

7. Preference in the employment of workers shall be given to persons from the public relief rolls who are competent for the several classifications of labor necessary for the performance of this contract and who are available at the site of the work. The Contractor agrees to apply to the nearest office of the United States Employment Service in the County where the work is to be performed for such workers from public relief rolls, and agrees to employ persons so furnished, if competent and available.

8. (a) Wage Rates for persons employed, except in executive, administrative, supervisory and highly skilled positions, shall be as follows:

Trade or Occupation	Hourly Wage Rate
Lineman .....	\$1.00
Lineman's Apprentice .....	.75
Lineman's Helper .....	.60
Truck Driver (Line Truck) .....	.75
Truck Driver (Light Trucks) .....	.60
Powderman and Compressor .....	.75
Labor .....	.45

## COMPLAINANTS' EXHIBIT No. 174

[fol. 2484] (b) If after the execution of this Contract it becomes necessary to employ any person in a trade or occupation not hereinabove listed, such person shall be paid at an hourly wage rate which shall be not less than the prevailing rate of wages for work of a similar nature in that vicinity, and such wage rate shall be retroactive to the time of the initial employment of such person in such trade or occupation. Unless otherwise provided by law, claims or disputes pertaining to the classification of labor under this Contract shall be decided by the Administrator whose decision shall be final and binding on all persons concerned.

9. The maximum hours of work for persons employed, except in executive, administrative, supervisory and highly skilled positions, shall not be in excess of 8 hours per day and 40 hours per week, except in special or unusual circumstances when the above limitations are not feasible or practicable.

10. Only one member of a family group may be employed on the Project, except as specifically authorized by the Works Progress Administration.

11. All work shall be conducted in accordance with safe working conditions, and every effort shall be made for the prevention of accidents.

12. The Contractor and each subcontractor shall prepare the payrolls upon forms to be prescribed and in accordance with instructions to be furnished by the Works Progress Administration. Not later than the third day following the payment of the wages, a certified legible copy of each payroll, whether paid by the Contractor or any subcontractor, shall be transmitted by the Contractor to such office as may be designated by the Works Progress Administration. The Contractor and each subcontractor shall submit reports at such times and on such forms as may be required by the Works Progress Administration covering purchases of, and requisitions for, materials, together with such other information as may be required to determine the progress and status of the completion of the work on the Project.

## COMPLAINANTS' EXHIBIT No. 174

13. The Contractor and each subcontractor shall report to the United States Department of Labor monthly, within five days after the close of each calendar month, upon forms to be prescribed, and in accordance with instructions to be furnished, by the United States Department of Labor, covering the number of persons on their respective payrolls directly connected with the Project, the aggregate amounts of such payrolls and the man-hours worked, and an itemized statement of the total expenditures for materials. The Contractor shall also furnish to the United States Department of Labor the names and addresses of all subcontractors on the work, at the earliest date practicable.

14. The Works Progress Administration, through its authorized agents, shall have the right to inspect all work as it progresses, and shall have access to all payrolls, records of personnel, invoices of materials, and any and all other data relevant to the performance of this Contract.

15. No person under the age of sixteen (16) years, and no one whose age or physical condition is such as to make his employment dangerous to his health or safety, or the health and safety of others, may be employed on the Project. This paragraph shall not be construed to operate [fol. 2486] against the employment of physically handicapped persons, otherwise employable, where such persons may be safely assigned to work which they can ably perform.

16. No person currently serving sentence to a penal or correctional institution shall be employed on the Project.

17. Wages to be paid, or for which reimbursement is to be made, by the Federal Government may not be pledged or assigned, and any purported pledge or assignment shall be null and void.

18. The Contractor acknowledges that he has received copies of the Emergency Relief Appropriation Act of 1933, Regulations Nos. 1, 2, 3 and 4 issued thereunder, the so-called "Kick-back" Statute (48 Stat. 948), and all regulations issued pursuant thereto, and Section 35 of the Criminal Code as amended, and the Contractor and such subcontractor agree to comply with the provisions of all of said Statutes and all regulations issued thereunder which are

## COMPLAINANTS' EXHIBIT No. 174

hereby incorporated into and made a part of this Contract.

19. In the event that any of the provisions of this Contract are violated by the Contractor or by any of his sub-contractors, the Owner or the Administrator may serve written notice upon the Contractor of intention to terminate such Contract, such notice to contain the reasons therefor, and, unless within 10 days after the serving of such notice upon the Contractor such violation shall cease and arrangement for correction satisfactory to both the Owner and the Administrator be made, the Contract shall, upon the expiration of said 10 days, cease and terminate. In the event of any such termination, the Owner or the Government may take over the work and prosecute the same to [fol. 2487] completion by contract or otherwise for the account and at the expense of the Contractor, and the Contractor shall be liable to the Owner and the Government for any excess cost occasioned thereby. In such event the Owner or the Administrator may take possession of and utilize in completing the work, such material, tools, supplies, equipment, appliances, and plant as may be on the site of the work and necessary therefor. In the event of any such termination the Owner and the Government may exercise any rights, claims or demands that the Contractor may have against third persons in connection with this Contract or the work prosecuted or to be prosecuted hereunder, and for such purpose the Contractor does hereby assign, transfer and set over unto the Owner and the Government any and all such rights, claims and demands.

20. With the exception of Section 1, all of the foregoing provisions shall be incorporated verbatim in all subcontracts for construction of any part of the work to be performed under this Contract, except that wherever appropriate the name of the principal Contractor may be substituted for the word "Owner."

21. The work to be done under this Contract is to be begun within thirty days after the receipt by the Contractor from the Owner of notice to begin work, and is to proceed with all due dispatch to the satisfaction of the



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Owner and the Government, and shall be fully completed on or before the 30th day of June, 1936.

22. In the event that the Administrator appoints a supervisor, as hereinbefore provided, the Contractor shall comply with all the reasonable instructions given it by such supervisor.

[fol. 2488] The Owner and/or the said Supervisor shall be at liberty to direct the Contractor to execute any part or parts of the work before any other part or parts thereof.

23. The Project, from the commencement of the work to the completion of the same, is to be under the Contractor's charge; it is to be held responsible for and to make good all injuries, damages and repairs occasioned or rendered necessary to the same by reason of any fire, cyclone, tornado, windstorm or other casualty or causes over which the Contractor may or may not have control. The Contractor will hold the Owner harmless from any claims for injuries to persons or for damage to property happening by reason of any neglect, default or misconduct on the part of the Contractor or any of its agents, or of any one in its employ during the execution of the work.

24. Simultaneously with the payment of the invoice referred to in Section 1 above, Contractor shall deliver unto the Owner a release of Contractor's lien. Upon the execution of any subcontract the Contractor shall secure from the subcontractor and deliver to the Owner a release of Subcontractor's lien.

25. During the entire period of the construction of the work covered by this Contract the Contractor shall erect and maintain at least one sign, for each one-half mile of line covered by this Contract, which shall have previously been approved by the Administrator, bearing the legend "Federal Rural Electrification Project."

26. All clauses of this Contract shall apply to any changes, omissions or extra work in like manner and to the same effect as to the work contracted for and no changes, omissions or extra work shall annul or invalidate this Contract.



## COMPLAINANTS' EXHIBIT No. 174

[fol. 2489] 27. Every right or remedy herein conferred upon or reserved to the Owner or the Government or the Administrator shall be cumulative and shall be in addition to every right and remedy given hereunder or now or hereafter existing at law or in equity or by statute. The pursuit of any right or remedy shall not be construed as an election.

28. The contract entered into between the Tennessee Valley Authority and City of Dayton, Tennessee, as an Agreement for Cooperation in Construction of Rural Lines, dated 2nd day of November, 1935, is hereby annulled, cancelled and is to be of no further force and effect.

In Witness Whereof, the parties hereto have caused this instrument to be executed by their duly authorized officers the day and year first above written.

City of Dayton, Tennessee, (Signed) by G. W. Taylor, Chairman, Board of Commissioners. (Seal.)

Attest: (Signed) C. D. Sanborn, City Recorder.

Tennessee Valley Authority, (Signed) by Arthur E. Morgan, Chairman, Board of Directors. C. G. I., Leg. Div. (Seal.)

Attest: (Signed) Charles E. Hoffman, Assistant Secretary.

Approved: Rural Electrification Administration, (Signed) by Morris L. Coose (?), Administrator.

[fol. 2490] COMPLAINANTS' EXHIBIT No. 175

Construction Contract Between TVA and Town of Bolivar, Tennessee, Dated September 7, 1937

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 162 except:

(1) The construction loan contract with Rural Electrification Administration is stated to be in the amount of

## COMPLAINANTS EXHIBIT No. 175

\$13,200.00 to be used in the construction of rural electric lines in the County of Hardeman, State of Tennessee;

(2) The completion date is on or before the 15th day of July, 1938;

(3) It does not contain provisions Nos. 24, 33, 34, 35, 38, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50, 51, 52 and 55 of Complainants' Exhibit No. 162;

(4) It contains the following provision which does not appear in Complainants' Exhibit No. 162:

38. In the event the Construction Loan Contract between Government and Owner hereinabove referred to is not executed on or before January 1, 1938, or in the event the Contractor substantially performs its obligations hereunder but Owner does not receive the full amount of funds from Government for reimbursement of Contractor, then Owner shall execute and deliver its bonds to Contractor in the amount of its outstanding obligation to Contractor hereunder, such bonds to be secured by a pledge of the revenues of the lines and facilities constructed hereunder but not paid for, and by a first mortgage lien upon said lines and facilities.

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[fol. 2491] COMPLAINANTS' EXHIBIT No. 176

Contract Between Tennessee Valley Authority and Lincoln County Electric Membership Corporation

Collection of Bills and Other Services

This Agreement, made and entered into the 1st day of October, 1935, between Tennessee Valley Authority, a corporation created by Act of Congress of May 18, 1933, hereinafter called Authority, and the Lincoln County Electric Membership Corporation, a corporation created and existing under and by virtue of the laws of the State of Tennessee, hereinafter called Corporation,

Witnesseth:

Whereas, Authority has constructed and is now engaged in the construction of rural electric transmission lines in

## COMPLAINANTS' EXHIBIT No. 176

and adjacent to Lincoln County, Tennessee, which lines are to be energized as soon as feasible and used in the transmission and sale of electric energy, and

Whereas, Corporation, by a resolution of its Board of Directors, has requested that Authority complete the construction of said rural lines and operate same until January 1, 1936, or until such time thereafter as Corporation requests that the lines be sold and delivered to Corporation, [fol. 2492] and

Whereas, Authority deems it advisable to complete the construction of these rural lines in Lincoln County, contained in Authority's Work Orders numbered 1155 and 1156, as revised, and to energize same before transferring said lines to Corporation, and

Whereas, Corporation proposes to cooperate with Authority during the construction and interim operation of said rural lines by aiding in the collection of bills and by furnishing other services to Authority.

Now, Therefore, for and in Consideration of the mutual covenants contained herein, the parties hereto mutually covenant and agree as follows:

1. Authority will proceed with due diligence in the construction of the rural lines in Lincoln County, the construction of which has been authorized by and is contained in Authority's Work Orders numbered 1155 and 1156, as revised, and which construction is hereby authorized and requested by Corporation. Corporation shall purchase and accept and Authority shall sell and deliver to Corporation prior to June 30, 1936, at Authority's cost plus overheads all of the property constructed hereunder. Authority will energize those lines or portions of same as soon as construction has proceeded to such an extent as to make it feasible in the opinion of Authority to do so.

2. Corporation agrees to collect the sum of Ten (\$10.00) Dollars from each prospective customer agreeing to take [fol. 2493] electric service from the rural lines constructed by Authority under Section 1 hereof prior to Authority's connecting such prospective customer for service, said payment to constitute the prospective customer's membership

## COMPLAINANTS' EXHIBIT No. 176

fee in Corporation. Corporation shall give to each natural or artificial person from whom such fee is collected a membership certificate in Corporation in accordance with Corporation's by-laws. If it is not feasible for Corporation to give the membership certificate at the time the payment is made, a receipt for such payment shall be given the prospective customer, in return for which he may obtain, at some later date, a membership certificate in Corporation.

Corporation further agrees to guarantee the payment of each and every account for electric service as billed by Authority of each customer taking service from Authority on the lines constructed under Section 1 hereof to the extent of Ten Dollars (\$10.00) for each customer. When any bill remains unpaid after the gross rate applies under Authority's rate schedule in effect in Lincoln County, Corporation shall pay to Authority on demand the amount of such unpaid bill to the extent of Ten Dollars (\$10.00) per unpaid bill. Upon receipt of such payment Authority shall assign to Corporation the unpaid bill to the extent of the amount paid by Corporation to Authority.

3. Authority agrees to collect an amortization charge as provided in Authority's rate schedule in effect in Lincoln County of one (1) cent per kwh. for the first one hundred (100) kwh. used per month, such charge not to be less than twenty-five cents (25c) nor more than One Dollar (\$1.00) [fol. 2494] per customer per month. These amortization collections shall be entered on the books of Authority in such manner as to make the amount of same paid by each customer readily discernible. The total amount of these amortization collections shall be credited to Corporation and deducted from Corporation's indebtedness to Authority when Corporation purchases the property referred to herein.

4. Corporation agrees to furnish Authority part time clerical and stenographic services to aid in the construction, operation, and maintenance of the lines referred to herein during the interim period of Authority's operation of the rural lines.

5. Authority will pay Corporation the sum of Fifty Dollars (\$50.00) per month during the interim period in which

## COMPLAINANTS' EXHIBIT No. 176

Authority operates the rural lines and until the Corporation purchases and begins operating same in its own behalf.

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested by their duly authorized officers as of the day and year first above written.

Tennessee Valley Authority by Arthur E. Morgan,  
Chairman, Board of Directors. C. G. D., Leg. Div.

Attest: Charles E. Hoffman, Assistant Secretary.

Lincoln County Electric Membership Corporation,  
by D. L. Conger, President.

Attest: R. D. (?), Secretary.

## [fol. 2495] COMPLAINANTS' EXHIBIT No. 177

Supplemental Contract Between TVA and Lincoln County  
Electric Membership Corporation, Dated June 19, 1936

This contract extends the contract dated October 1, 1935 (Complainants' Exhibit No. 176) until June 30, 1937, or until the rural electric lines which TVA is constructing for Lincoln County Electric Membership Corporation are completed as a unit and suitable for operation, whichever is the earlier.

## [fol. 2496] COMPLAINANTS' EXHIBIT No. 178

Contract Between Tennessee Valley Authority and Monroe  
County Electric Power Association

Operation of Rural Transmission Line and Collection  
of Bills

This Agreement, made and entered into this first day of February, 1936, between Tennessee Valley Authority, a corporation created by Act of Congress May 18, 1933, hereinafter called Authority, and the Monroe County Electric Power Association, a corporation created and existing under and by virtue of the laws of the State of Mississippi, hereinafter called Association,

## COMPLAINANTS' EXHIBIT No. 178

Witnesseth:

Whereas, Authority has constructed a certain rural transmission line in Monroe County, Mississippi, under the terms of a construction contract between the Authority and the Association, dated January 14, 1936; and

Whereas, Association has requested that Authority operate and maintain said rural transmission line until Association is in a position to take over the operation of same, which shall be not later than June 1, 1936, and

Whereas, Association has agreed to pay Authority for the operation of said rural transmission line by letter dated January 31, 1936, signed on behalf of the Association by R. G. Christian, President, and A. H. Ritter, Secretary, and [fol. 2497] Whereas, both parties hereto deem it advisable to set out more fully the terms upon which Authority will operate said rural transmission line,

Now, Therefore, for and in Consideration of the mutual covenants contained herein, the parties hereto mutually covenant and agree as follows:

1. Authority agrees to operate and maintain that rural transmission line, together with all taps therefrom, known as the gravel pit-Bigbee line and located in Monroe County, Mississippi, until such time as the Association is in a position to take over the operation and maintenance of same, which Association agrees shall not be later than June 1, 1936. In consideration of the Authority's operating and maintaining said line Authority shall retain the gross revenues, with the exception of amortization charges which shall be handled as hereinafter set out, paid by the customers on said line for electric service.

2. This provision is the same as provision No. 2 in Complainants' Exhibit No. 176.

3. This provision is the same as provision No. 3 in Complainants' Exhibit No. 176.

4. Association agrees to reimburse Authority at its direct cost plus overhead for any additional capital expenditures made by Authority in extending service to new customers along the line, or otherwise.



## COMPLAINANTS' EXHIBIT No. 178

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested by their duly authorized officers as of the day and year first above written.

Tennessee Valley Authority, (Signed) by Arthur E. Morgan, Chairman, Board of Directors. C. G. D., Legal Div. (Seal.)

Attest: (Signed) Charles E. Hoffman, Assistant Secretary.

Monroe County Electric Power Association, (Signed) by R. G. Christian, President. (Seal.)

Attest: (Signed) A. H. Ritter, Secretary.

## [fol. 2499] COMPLAINANTS' EXHIBIT No. 179

Operation Contract Between Pickwick Electric Membership Corporation and Tennessee Valley Authority

This Agreement, entered into as of the 21st day of April, 1936, between the Pickwick Electric Membership Corporation (hereinafter called "Corporation"), a corporation duly organized and existing under the laws of the State of Tennessee, and Tennessee Valley Authority (hereinafter called "Authority"), a corporation created by the Tennessee Valley Authority Act of 1933.

Witnesseth:

Whereas, at its meeting on January 15, 1936, the Board of Directors of Corporation requested Authority to construct rural transmission lines in Hardin, McNairy and Chester Counties, Tennessee, and agreed that Corporation would purchase said lines from Authority at cost plus overhead; and

Whereas, pursuant to that request Authority is constructing certain rural lines in the above counties for Corporation (said lines being hereinafter referred to as "new lines"); and

Whereas, under an agreement entitled, "Sale and Assignment Contract between Alcorn County Electric Power Association, Pickwick Electric Membership Corporation and

## COMPLAINANTS' EXHIBIT No. 179

Tennessee Valley Authority," executed on even date herewith, Authority has loaned to Corporation the funds necessary to enable Corporation to purchase, and Corporation has purchased, certain rural lines in Hardin and McNairy Counties, Tennessee, from the Alcorn County Electric Power Association (said lines being hereinafter referred to as "ACE lines"); and

Whereas, it is not feasible for Corporation to begin the operation of the ACE lines or of the new lines being constructed by Authority for Corporation until such new lines are completed as a unit and Corporation shall have acquired a superintendent and completed the organization necessary for operating all such lines as a unit; and

Whereas, it is necessary for Authority to operate for Corporation the ACE lines and the new lines as and when completed during the interim period above described, and Corporation and Authority desire to define and set forth the terms and conditions upon which the same will be operated.

Now, Therefore, for and in consideration of the mutual covenants contained herein the parties hereto mutually covenant and agree as follows:

1. Construction of New Lines and Payment Therefor.— Authority shall proceed with the construction for Corporation of such new lines in Hardin, McNairy and Chester Counties, Tennessee, as Authority may deem feasible from the standpoint of both Authority and Corporation.

2. Operation of ACE Lines and New Lines.— Authority shall operate the ACE lines for Corporation from the effective date of this contract, together with such new lines constructed for Corporation as Authority may deem suitable for energizing at said date. As and when additional new lines, if any, are constructed by Authority for Corporation, Authority will energize and operate such lines for Corporation when Authority considers such lines ready for operation.

3. Application For Service.— Any person desiring service from the ACE lines (other than members transferred from the Alcorn County Electric Power Association whose status shall be as provided in the Sale and Assignment Contract above referred to) and any person desiring service from the

## COMPLAINANTS' EXHIBIT No. 179

new lines, during the period of interim operation, shall apply to Corporation for membership in Corporation, and if the Authority deems it feasible to serve such applicant and such applicant shall agree to comply with the provisions of Corporation's charter and by-laws, Corporation shall collect the sum of Ten Dollars (\$10.00) from said applicant and shall issue him a certificate of membership in Corporation, or a receipt entitling the holder to a certificate of membership when said certificates have been prepared. Authority will then connect and serve said customer.

4. Rates, Charges and Revenues.—Authority will supply electricity over all said lines at the retail rates prescribed in the schedules of the standard power contracts now in use by Authority with cooperative associations, including the amortization charge of One Cent (1¢) per kwh. of energy consumed, such amortization charge not to exceed One Dollar (\$1.00) nor to be less than Twenty-five Cents (25¢) for each customer per month. All such amortization charges collected by Authority shall be entered on Authority's books so as to make the total amount paid by each customer during the interim period readily discernible. The total amount of these amortization collections shall be credited to Corporation on its obligation to Authority under [fol. 2502] the Sale and Assignment Contract referred to above and its obligations to Authority for the construction of the new lines. Authority will retain all revenues accruing from all lines during this interim period, other than the amortization charges above provided for, as compensation for Authority's services in operating such lines.

5. Collection of Bills.—All bills for energy furnished over such lines during the interim period of operation shall be submitted and collected by Authority. However, Corporation guarantees the payment of each and every such account as billed by Authority to the extent of Ten Dollars (\$10.00) per customer per month. If any bill remains unpaid after the gross rate applies under Authority's rate schedule Corporation agrees to pay to Authority the amount of such unpaid bill to the extent of Ten Dollars (\$10.00) per unpaid bill. The bill will then be assigned to Corporation to the extent of the amount paid thereon by Corporation to Au-

## COMPLAINANTS' EXHIBIT No. 179

thority and Corporation shall collect such amount from the delinquent customer.

6. Payments for Range and Water-Heater Installations.—Authority shall make payments for range and water heater installations only to customers receiving service on the new lines constructed by Authority. Any range or water heater payments to customers receiving service on the ACE lines must be made by Corporation. All payments made by Authority on these items shall be collected in a work order and charged to Corporation when the operation of all the lines is turned over to Corporation.

7. Bookkeepers Services.—Corporation agrees to furnish Authority part-time clerical and stenographic services to aid in the construction, operation and maintenance of the [fol. 2503] ACE lines and the new lines during the interim period, and Authority will pay Corporation the sum of Fifty Dollars (\$50.00) per month for such part-time services during the said interim period. This paragraph shall be effective as of April 1, 1936.

8. Term of Contract.—When Authority shall notify Corporation that the new lines constructed for Corporation have been completed and that it is feasible for Corporation to take over the control and operation of all lines as a unit, which shall be not later than September 1, 1936, the above arrangement for interim operation by Authority shall terminate. Corporation agrees to accept at that time the conveyance of all new lines constructed by Authority for Corporation, and to take over control and operation of all such new lines and the ACE lines. Corporation agrees to execute at that time Authority's standard Power Contract and Sale and Security Contract providing for the purchase of power by Corporation from Authority for operating such lines, evidencing Corporation's obligation to Authority for the construction of the new lines and the loan by Authority to Corporation used in purchasing the ACE lines, and providing for the method of payment of such obligations, and Corporation further agrees to execute to Authority a good and valid first mortgage covering all property now owned or hereafter acquired by Corporation as security for the payment of Corporation's obligations to Authority.

## COMPLAINANTS' EXHIBIT No. 179

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested by their duly authorized officers as of the day and year first above written.

[fol. 2504] Pickwick Electric Membership Corporation  
(Signed) by Glenn Hassell, President. (Seal.)

Attest: E. A. Churchwell, Secretary.

Tennessee Valley Authority, (Signed) by Arthur E. Morgan, Chairman, Board of Directors. W. G. M.,  
Legal Div.

Attest: Charles E. Hoffman, Assistant Secretary.

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[fol. 2505] COMPLAINANTS' EXHIBIT No. 180

Operation Contract Between Bedford County Electric Membership Corporation and Tennessee Valley Authority

This agreement entered into this 18th day of May, 1936, between Bedford County Electric Membership Corporation (hereinafter called Corporation), a corporation duly organized and existing under the laws of the State of Tennessee, and Tennessee Valley Authority (hereinafter called Authority), a corporation created by the Tennessee Valley Authority Act of 1933.

Witnesseth:

Whereas, Corporation has requested Authority to construct for it rural transmission and distribution lines in and adjacent to Bedford County, Tennessee, and has agreed that Corporation will reimburse Authority therefor at cost plus overhead, and

Whereas, pursuant to that request Authority is constructing and has constructed certain rural lines in and adjacent to Bedford County, Tennessee, for Corporation, and

Whereas, it is not practicable for Corporation to begin the maintenance and operation of said lines until the same have been completed as a unit and the load sufficiently built up, and

Whereas, the parties hereto desire to enter into an agreement whereby Authority will energize and operate such lines or parts thereof as soon as it is practicable for Authority



## COMPLAINANTS' EXHIBIT No. 180

[fol. 2506] to do so and until the lines have been completed as a unit and it is feasible for Corporation to take over the maintenance and operation of the complete unit.

Now, therefore, for and in consideration of the mutual covenants contained herein, the parties hereto mutually covenant and agree as follows:

1. Construction of lines and payment therefor—Authority will proceed with due diligence in the construction of such rural lines in and adjacent to Bedford County as may be requested by Corporation and considered feasible by Authority from the standpoint of both Authority and Corporation. Corporation agrees to pay Authority therefor the cost to Authority of constructing such lines plus overheads.

2. Preliminary operation of lines—Authority will energize those lines or portions thereof as soon as construction has proceeded to such an extent as to make it feasible in the opinion of Authority to do so. Such lines will be operated directly by Authority under the terms and provisions of this contract. Provided, however, that on or before January 1, 1937, Authority shall turn over to Corporation and Corporation shall accept the maintenance and operation of all lines which Authority has completed for Corporation prior to that date.

3. Terms and conditions of preliminary operation:

(a) Application for services—Any person desiring service during the period of preliminary operation of the lines constructed hereunder shall apply to Corporation for membership therein, and if Authority deems it feasible to serve [fol. 2507] such applicant and such applicant agrees to comply with the provisions of Corporation's charter and by-laws, Corporation shall collect the sum of Ten Dollars (\$10) from said applicant and shall issue to him a certificate of membership in Corporation, or a receipt entitling the holder to a certificate of membership when such certificates have been prepared. Authority will then connect and serve said customer.

(b) Rates, charges and revenues—Authority will supply electricity over all such lines at the retail rates prescribed in the schedules of the standard power contracts now in use



## COMPLAINANTS' EXHIBIT No. 180

by Authority with cooperative associations, including the amortization charge of 1¢ per kwh. of energy consumed, such amortization charge not to exceed One Dollar (\$1.00) nor to be less than 25¢ for each customer per month. All such amortization charges collected by Authority shall be entered on Authority's books so as to make the total amount paid by each customer during the interim period readily discernible. The total amount of these amortization collections shall be credited to Corporation on its obligation to Authority for the construction of rural lines. Authority will retain all revenues accruing from all lines during this interim period, other than the amortization charges above provided for, as compensation for Authority's services in operating such lines.

(c) Collection of bills—All bills for energy furnished over such lines during the interim period of operation shall be submitted and collected by Authority. However, Corporation guarantees the payment of each and every such account as billed by Authority to the extent of Ten Dollars (\$10) [fol. 2508] per customer per month. If any bill remains unpaid after the gross rate applies under the Authority's rate schedule, Corporation agrees to pay to Authority the amount of such unpaid bill to the extent of Ten Dollars (\$10) per unpaid bill. The bill will then be assigned to Corporation to the extent of the amount paid thereon by Corporation to Authority and Corporation shall collect such amount from the delinquent customer.

(d) Bookkeeper's services—Corporation agrees to furnish Authority part-time clerical and stenographic services to aid Authority in constructing, operating and maintaining rural lines herein provided for, and Authority will pay Corporation the sum of Fifty Dollars (\$50) per month for such part-time services during said interim period.

4. Term of preliminary operation—When Authority shall notify Corporation that the lines constructed for Corporation have been completed as a unit and that it is feasible for Corporation to take over the control and operation of such lines, which shall be not later than January 1, 1937, the above arrangement for interim operation by Authority shall terminate. Corporation agrees to accept at that time the

## COMPLAINANTS' EXHIBIT No. 180

delivery of such lines as have been completed by Authority for Corporation, and to take over the control and operation of such lines. Corporation agrees to execute Authority's standard power contract providing for the purchase of power by Corporation from Authority for operating such lines, and Authority's standard sale and security contract evidencing Corporation's obligation to Authority for the construction of rural lines and providing for the method of payment of such obligation. Corporation further agrees to execute to Authority a good and valid first mortgage covering all property now owned or hereafter acquired by Corporation as security for the payment of Corporation's obligations to Authority.

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested by their duly authorized officers as of the day and year first above written.

Bedford County Electric Membership Corporation,  
(Signed) by E. I. McLean, President. Seal.

Attest: (Signed) Dan Parker, Sec.

Tennessee Valley Authority, (Signed) by Harcourt  
A. Morgan. W. S. M., Legal Div. Seal.

Attest: (Signed) Charles E. Hoffman, Ass't. Secretary

JLF:WTM:MC.

[fol. 2510] COMPLAINANTS' EXHIBIT No. 181.

Contract TV-6057

Agreement for Sale and Loan Between Tennessee Valley  
Authority and Gibson County Electric Membership  
Corporation

This Agreement, made and entered into this thirteenth day of August, 1936, by and between the Tennessee Valley Authority (hereinafter called "Authority"), a corporation created by the Tennessee Valley Authority Act of 1933, its successors and assigns, and the Gibson County Electric Membership Corporation (hereinafter called "Corporation"), a corporation duly organized, created, and existing under and by virtue of the laws of the State of Tennessee,

## COMPLAINANTS' EXHIBIT No. 181.

Witnesseth:

Whereas, Corporation and Authority have entered into a power contract of even date herewith under the terms of which Corporation agrees to purchase from Authority, and Authority agrees to supply, the entire electric requirements of Corporation; and

Whereas, Authority, by virtue of Section 10 of the Tennessee Valley Authority Act, has constructed and is engaged in constructing rural transmission lines to farms and small villages in Gibson County, Tennessee, in order to promote and encourage the fullest possible use of electric light and power on such farms and in such small villages; and

[fol. 2511] Whereas, Corporation desires to purchase the lines so constructed by Authority in Gibson County, Tennessee, and to maintain and operate them so as to promote the fullest possible use of electricity among the members of said Corporation; and

Whereas, Corporation desires to acquire the urban distribution system in the town of Gibson, Gibson County, Tennessee, from the present owners, and has reason to believe that Corporation can purchase said urban distribution system for the sum of three thousand six hundred and eighteen dollars (\$3,618.00); and

Whereas, Corporation has requested that Authority advance to Corporation three thousand six hundred and eighteen dollars (\$3,618.00) for the acquisition of said distribution system, and further to extend additional credit up to the sum of five thousand five hundred dollars (\$5,500.00) in order that Corporation might rehabilitate said distribution system;

Now, Therefore, in consideration of the mutual benefits to all parties hereto and of the covenants and agreements herein contained and those also contained in said Power Contract, and subject to the provisions of the Tennessee Valley Authority Act of 1933, as amended, the parties hereto covenant and agree, as follows:

1. Incorporation of Power Contract.—This instrument is executed in connection with and is to be considered a part of the contract styled, "Power Contract Between Tennessee Valley Authority and Gibson County Electric Membership

**SERVICE CLASSIFICATION "E-1"**  
**SUBURBAN ELECTRIC SERVICE**  
**110-220 Volts**  
**Single Phase**

**AVAILABILITY**

Available to any consumer served from a single-phase suburban distribution line of the Company for electric lighting, cooking, heating, refrigeration or power service having a demand of less than 50 kilowatts, or any combination of these, where the total consumption can be measured at one delivery point.

**RATE**

\$1.25 net (\$1.375 gross) for the first 5 KWH or less consumed per month; plus 5 cents net (5.5c gross) per KWH for the next 45 KWH consumed per month; plus 3 cents net (3.2c gross) per KWH for the next 950 KWH consumed per month; plus 2 cents net (2.2c gross) per KWH for the next 4000 KWH consumed per month; plus 1 cent net (1.1c gross) per KWH for all over 5000 KWH consumed per month.

The above monthly charge for the first 5 KWH or less is applicable for service with contracted capacity requirements of 1.5 kilowatts, as hereinafter determined, and will be increased 15 cents net (16.5c gross) for each 100 watts of capacity requirements contracted for in excess of 1.5 kilowatts.

**DETERMINATION OF CONSUMERS PER MILE**

The Consumers per mile shall be the total number of Consumers served from the line divided by the total mileage of distribution pole line serving such Consumers, exclusive of service connections and exclusive of customer-owned distribution lines over and across private right-of-way.

**DETERMINATION OF CONSUMERS' CONTRACTED CAPACITY REQUIREMENTS.**

**LIGHTING LOAD:**

The lighting load within one residence and/or 200 watts of commercial or any other lighting load will not be counted but will be allowed each Consumer on account of the above 1.5 kilowatts contracted capacity requirements. All other lighting load will be in addition to the above allowance of 1.5 kilowatts of contracted capacity requirements and will be counted at 100% of the lamp wattage or volt-ampere rating. The Lighting Load of each church, lodge, and day-school will be counted at 200 watts.

**MOTOR LOAD:**

Motors with manufacturer's rating of less than one (1) horsepower will not be counted in determining the contracted capacity requirements:

**a. GENERAL POWER:**

The kilowatts of motor load, other than Seasonal Power, and other than motors less than one-horse-power each, shall be as follows:

70% of the first ten (10) horsepower of connected motor load; plus  
40% of all over ten (10) horsepower of connected motor load.

## COMPLAINANTS' EXHIBIT No. 181.

Corporation" dated thirteenth day of August, 1936 (hereinafter called "Power Contract").

2. Construction of Project.—Authority agrees to construct and to convey to Corporation, subject to the provisions hereinafter contained, the rural transmission lines and the other properties represented by Work Orders 2132, 2133, 2142, 2272, 2273, and 2185, explanations of which are attached hereto and hereby made a part hereof as "Exhibit A." The estimated cost of the construction to be done pursuant to the above Work Orders is one hundred ten thousand sixty and 75/100 dollars (\$110,060.75), but this sum shall be subject to adjustment plus or minus when the Work Orders have been closed and the costs thereof determined.

3. Acceptance of Project by Corporation.—Corporation shall accept the properties heretofore or hereafter constructed by Authority, pursuant to the Work Orders referred to in Section 2 above, in Gibson County, Tennessee, and shall reimburse Authority for all of Authority's costs under said Work Orders, including overheads.

4. Rights of Way and Easements.—Corporation agrees to secure at its own expense the rights of way and easements necessary for the construction of the lines Authority elects to build for Corporation under said Work Orders. Such easements shall be secured in form acceptable to Authority and shall run to and be the property of Corporation and assigns.

5. Franchises and Consents.—Corporation agrees to secure all the franchises and consents from the governing bodies of the counties and the governing bodies of incorporated towns which may be necessary for the construction and operation by Authority or Corporation of the rural transmission lines and properties herein provided for.

6. Building of Project.—Authority will proceed with due diligence in the construction of the project covered by said Work Orders and will deliver to Corporation a part or parts of the properties when construction has progressed to such a stage that such part is practicably usable for electric service by Corporation. Corporation agrees to accept such



## COMPLAINANTS' EXHIBIT No. 181.

[fol. 2513] lines as delivered by Authority and to operate and maintain them on Corporation's behalf.

7. Determination of Costs.—As soon as possible after the completion of the Work Orders designated in Section 2 above, the completion of which is hereby authorized and requested by Corporation, Authority shall determine the precise total amount of the cost to Authority of the project constructed pursuant to said Work Orders, as shown by the records of Authority, which cost shall include overhead charges.

8. (a) Loan to Association.—Authority agrees to advance three thousand six hundred eighteen dollars (\$3,618.00) to Corporation to be used by Corporation in purchasing the urban distribution system serving the town of Gibson, Tennessee, which properties were purchased by E. H. Wright at a Trustee's sale on June 9, 1936. Upon the presentation by Corporation to Authority of (1) proof that Corporation has an option to purchase said Gibson distribution system for a sum not to exceed three thousand six hundred eighteen dollars (\$3,618.00), conveyance to be made by warranty deed, and free of all liens and encumbrances, except liens for ad valorem taxes of 1936, which shall be prorated, and the present owner to operate the system until the Corporation shall have connected said system to a transmission line of Corporation to be used for serving said Gibson distribution system with electricity, and (2) proof that Corporation has all necessary or advisable franchises, permits, licenses, and other government approvals, and all rights of way and easements necessary or advisable for the operation of said distribution system, and (3) a certified copy of the resolution of the Board of Directors of Corporation requesting that the advance be made, and (4) an opinion of counsel (who shall be satisfactory to Authority), that E. H. [fol. 2514] Wright is the owner of said system and is capable of giving the Corporation valid title thereto, and that all the acts and proceedings of the Corporation necessary for borrowing said money from Authority and purchasing said system from said E. H. Wright have been duly taken and are within the powers of the Corporation, and (5) a receipt acknowledging the payment of said three thousand six hundred eighteen dollars (\$3,618.00) by Authority



## COMPLAINANTS' EXHIBIT No. 181.

to Corporation, Authority will issue a check payable to Corporation in the sum of three thousand six hundred eighteen dollars (\$3,618.00).

(b) Authority agrees to loan to Corporation that amount required by Corporation to improve and rehabilitate the Gibson distribution system, said amount not to exceed the sum of fifty-five hundred dollars (\$5500.00). Upon the presentation by Corporation to Authority of (1) proof that Corporation has all necessary or advisable franchises, permits, licenses, and other governmental approvals, and all rights of way and easements necessary or advisable for the improvement and rehabilitation of said system, and (2) a certified copy of a resolution of the Board of Directors of the Corporation requesting such advance, and (3) an opinion of counsel that Corporation has power and has taken necessary steps to borrow such money and rehabilitate and improve such system, and (4) a receipt acknowledging the advance of such money, Authority will issue a check payable to Corporation in the sum of fifteen hundred dollars (\$1500.00). Authority will make further advances to Corporation up to said fifty-five hundred dollars (\$5500.00) as needed from time to time in the course of the improvement and rehabilitation of the distribution system, upon presentation of similar requests and receipts for such advances accompanied by a certificate stating in detail the use to which prior advances have been put and the use to which the sum applied for is to be put.

[fol. 2515] Corporation agrees that it will improve and rehabilitate, or cause the Gibson electric distribution system to be improved and rehabilitated, according to and in compliance with Authority's "Specifications for Rural Electric Distribution Lines." In the event such specifications do not cover the type work which is necessary or advisable for Corporation to perform in the rehabilitation and improvement of the distribution system, Corporation agrees to perform such work in compliance with the National Electric Safety Code, as from time to time amended by the proper authorities. If the terms of the Authority's Specification for Rural Electric Distribution Line" and the terms of the National Electric Safety Code shall conflict, the former shall control.

## COMPLAINANTS' EXHIBIT No. 181.

Corporation further agrees that Authority shall have the right to demand that the specifications for such improvement and rehabilitation be presented to Authority, and to inspect the project at any time during the improvement thereof, in order that Authority may ascertain whether Corporation is complying with this section.

Corporation agrees to reimburse Authority for the actual cost of making such inspections and reviewing Corporation's specifications, such sum, however, not to exceed five per centum (5%) of the total cost of rehabilitation and improvement of the system. If Authority finds that Corporation's specifications, or its construction, is not in compliance with the specifications with which Corporation has agreed to conform, and Corporation refuses to alter the same, Authority shall not be obligated to advance any further sums to Corporation under this section.

(c) Corporation hereby expressly agrees that it will not use any funds advanced by Authority to Corporation under paragraphs (a) and (b) hereof, except for the purposes [fol. 2516] therein stated, and Corporation further agrees that all advances so made shall become a part of the obligation of Corporation to Authority and the payment thereof shall be secured to Authority in the manner set out hereinafter.

9. Construction of Rural Lines.—Authority agrees to construct at its own expense on rights of way and/or easements to be secured by Corporation, such additional electric transmission lines in or adjacent to Gibson County, Tennessee, as the parties may from time to time agree. Said lines will be constructed by Authority for and on behalf of Corporation as Corporation's agent for such construction.

Corporation agrees to pay to Authority, in addition to all other outstanding indebtedness to Authority, the actual cost to Authority as billed by Authority, of any line so constructed pursuant to this agreement, and said additional indebtedness shall be added to the obligation of Corporation under this contract and shall become a part thereof.

10. Execution of Note, Mortgage—Payment of Indebtedness.—Authority will notify Corporation upon the comple-

## COMPLAINANTS' EXHIBIT No. 181.

tion of the construction of the Work Orders described in Section 2 above, and upon the determination of the costs thereof. Authority will also notify Corporation of the amount borrowed by Corporation for the acquisition, improvement and rehabilitation of the Gibson electric distribution system.

Authority will execute a conveyance to Corporation transferring all of its rights to the project constructed under the Work Orders described in Section 2 hereof, and will present to Corporation for execution a note or bond to the Tennessee Valley Authority covering the cost of the project constructed by Authority and in addition the amount advanced by Authority to Corporation with which Corporation acquired, rehabilitated, and improved the Gibson distribution system. [fol. 2517] Corporation agrees to execute said note or bond to the Tennessee Valley Authority and further agrees to secure the payment of said obligation by a mortgage in favor of Authority and the United States of America covering all of the property of Corporation then owned and thereafter acquired. Corporation agrees to pay said obligation to Authority with interest on the unpaid balance at the rate of three and one-half per centum ( $3\frac{1}{2}\%$ ) per annum, payable semi-annually and at the times and in the manner provided for in said Power Contract between Corporation and Authority. Interest shall not begin to run, however, on any money loaned by Authority to Corporation hereunder until such money has actually been advanced and turned over to Corporation. Interest on the properties constructed under Section 2 hereof shall run from the date of the delivery of any part of said project to Corporation, but only upon the sum representing the cost of such delivered portion.

11. Insurance and Maintenance of Property.—Corporation agrees to save Authority harmless from any liability arising out of Corporation's operation of the lines, properties and systems referred to herein. Corporation agrees to secure adequate workmen's compensation insurance and to secure public liability insurance in an amount of not less than twenty-five thousand dollars (\$25,000.00) for injuries, including wrongful death, to any one person, and subject to the same limit for each person in an amount of not less

## COMPLAINANTS' EXHIBIT No. 181.

than fifty thousand dollars (\$50,000.00) for injuries, including wrongful death, to two or more persons on account of one accident, and property damage insurance in an amount of not less than ten thousand dollars (\$10,000.00). Corporation shall at all times make or cause to be made, at its own expense, such repairs, maintenance, renewals, and replacements as shall be necessary to maintain, preserve, and keep the property described herein in good repair, working order, and condition.

[fol. 2518] 12. Corporation agrees to construct, cause to be constructed, or acquire and to operate all of the rural lines in Gibson County, Tennessee, described as additions to properties now under construction pursuant to the work order set out in Section 2 hereof, which additional lines are more fully described and set out on the map attached hereto and hereby incorporated herein as Exhibit B. Corporation further agrees to construct, cause to be constructed, or to acquire and to operate all or such portion of the rural lines in Madison, Haywood, Dyer, and Obion Counties, Tennessee, which are more fully described and set out in the table and maps attached hereto and hereby incorporated herein as Exhibit C, as Authority may request; Provided, however, that Corporation shall not be obligated under this Section 12 unless Corporation is successful in securing the financing of said additional lines from the Tennessee Valley Authority or the Rural Electrification Administration; and Provided, further, that in no event shall Corporation be required hereunder to construct, cause to be constructed, or acquire lines which shall exceed in cost to Corporation the sum of \$335,000.00.

13. Contract Not Transferable.—Neither this contract nor any interest therein shall be transferable or assignable by Corporation to any other party without first securing the written consent of Authority.

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested by their duly authorized officers the day and year first above written.

## COMPLAINANTS' EXHIBIT No. 181.

[fol. 2519] Tennessee Valley Authority, (Signed) by Arthur E. Morgan, Chairman, Board of Directors.  
J. L. F. (Seal.)

Attest: (Signed) Charles E. Hoffman.

Gibson County Electric Membership Corporation,  
(Signed) by C. E. Garner, President. (Seal.)

Attest: (Signed) M. O. Zorecor, Secretary.

[fol. 2520]

## Exhibit A

1. Work Order 2132—Construct in Gibson and northern part of Madison Counties 79 miles of single phase two-wire No. 2 and No. 4 ACSR, 6900 volts, grounded neutral rural lines with transformers, secondaries and services to serve customers along the routes.

2. Work Order 2133—Construct in Gibson and northern part of Madison Counties 25 miles of three phase four-wire No. 2 ACSR, 11,950 Y volt grounded neutral rural lines from Baker's Chapel to Trenton and from New Enterprise to Milan, including transformers, secondaries and services to serve customers along the routes.

3. Work Order 2142—Install three 37½ kva. 6900 volt step type voltage boosters in the Baker's Chapel-Milan 12 kv. line at Gibson, Tennessee, complete with pole platform, switches, and accessories.

4. Work Order 2272—Service extension including necessary transformers and metering equipment to serve Trenton Cotton Oil Company.

5. Work Order 2273—Service extension including necessary transformers and metering equipment to serve the Banks-Hammond Cotton Gin in Trenton.

6. Work Order 2185—This work order is issued to collect the payments to be made by the Authority toward wiring cost on installation of ranges and hot water heaters to Gibson County, Tennessee.

CGD:EJH.

[fol. 2521]

## COMPLAINANTS' EXHIBIT No. 181

## Exhibit C, Sheet 1

## West Tennessee Electric Membership Corporation

## General Summary

County	No. Miles of Line		Total Miles	Estimated Total Cost	Total No. Customers	Total kwh. per Month	Avg. kwh. Per Month Per Mile	Avg. No. Customers Per Mile	Estimated kw. demand Per Month
	1-phase	3-phase							
Madison.....	82.0	31.0	113.0	\$124,353*	473	80,938	715	4.1	470 (a)
Haywood.....	44.0	14.0	58.0	58,528	207	35,739	616	3.6	100
Dyer.....	30.0	7.0	37.0	36,785	126	22,040	597	3.4	75
Obion.....	70.0	20.0	90.0	90,160	373	50,290	553	4.1	150
Gibson (Additions).....	9.0	4.0	13.0	25,062**	52	9,415	725	4.0	20
Total—Average.....	235.0	76.0	311.0	\$334,843	1,231	198,422	638	3.9	815 (b)

\* Includes \$5,400 for 2-voltage regulators, locations undetermined.

\*\* Includes \$11,282 as cost of converting 27 miles of existing single phase line to three phase.

(a) Includes 4 cotton gins, 175 kw.; 1 brick plant, 80 kw.; and 22 small power customers totaling 40 kw.

(b) Undiversified total—Maximum.



[fol. 2522] COMPLAINANTS' EXHIBIT No. 182

Map of the State of Alabama Showing the Location of New  
Industries in Said State Since 1925

(Original Exhibit)

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[fol. 2523] COMPLAINANTS' EXHIBIT No. 183

Chart Entitled "Alabama Power Company—Ten Year  
Record—Gross Appliance Sales Volume"

(Original Exhibit)

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COMPLAINANTS' EXHIBIT No. 184

Chart Entitled "Alabama Power Company Development  
of Rural Lines"

(Original Exhibit)

**COMPLAINANTS' EXHIBIT No. 185**

**Rules of Alabama Public Service Commission concerning rural lines.**

By Order of Alabama Public Service Commission  
New Docket 962. September 5, 1935. July 17, 1936. December 17, 1936.

Alabama Power Company No. 1  
Fourth Revised Sheet No. 12

**SERVICE CLASSIFICATION "E-1"**

**SUBURBAN ELECTRIC SERVICE  
110-220 Volts**

**Single Phase**

**AVAILABILITY**

Available to any consumer served from a single-phase suburban distribution line of the Company for electric lighting, cooking, heating, refrigeration or power service having a demand of less than 50 kilowatts, or any combination of these, where the total consumption can be measured at one delivery point.

**RATE**

\$1.25 net (\$1.375 gross) for the first 5 KWH or less consumed per month; plus 5 cents net (5.5c gross) per KWH for the next 45 KWH consumed per month; plus 3 cents net (3.3c gross) per KWH for the next 950 KWH consumed per month; plus 2 cents net (2.2c gross) per KWH for the next 4000 KWH consumed per month; plus 1 cent net (1.1c gross) per KWH for all over 5000 KWH consumed per month.

The above monthly charge for the first 5 KWH or less is applicable for service with contracted capacity requirements of 1.5 kilowatts, as hereinafter determined, and will be increased 15 cents net (16.5c gross) for each 100 watts of capacity requirements contracted for in excess of 1.5 kilowatts.

**DETERMINATION OF CONSUMERS PER MILE**

The Consumers per mile shall be the total number of Consumers served from the line divided by the total mileage of distribution pole line serving such Consumers, exclusive of service connections and exclusive of customer-owned distribution lines over and across private right-of-way.

**DETERMINATION OF CONSUMERS' CONTRACTED CAPACITY REQUIREMENTS.**

**LIGHTING LOAD:**

The lighting load within one residence and/or 200 watts of commercial or any other lighting load will not be counted but will be allowed each Consumer on account of the above 1.5 kilowatts contracted capacity requirements. All other lighting load will be in addition to the above allowance of 1.5 kilowatts of contracted capacity requirements.

**9. The following conditions shall govern credits when applicable to suburban lines:**

- (a) Consumers served from any suburban line which is used to extend service to a community at urban rates shall not be charged for any capacity requirements in excess of that determined by their actual connected loads.
- (b) Should the Company elect to construct a suburban line on existing poles supporting a transmission line of the Company, the suburban line shall be credited with two and one-half (2½) KW per mile of such joint pole line.
- (c) A suburban line shall not receive any credits for temporary service.

**10. The Company shall not be required to construct a suburban line more than two-tenths (2/10) of a mile of line per Consumer without the right to require the Consumer or Consumers to make a guarantee to secure the permanency of the Company's investment by special deposit, or other manner acceptable to the Company.**

**MINIMUM BILL**

In consideration of the readiness of the Company to furnish such service, each consumer shall pay a monthly minimum charge equal to the monthly charge for the first 5 KWH, plus \$1.00 net (\$1.10 gross) per KW for all over 10 KW of residential cooking and heating loads and or all over 10 KW of other loads except lighting and motors.

**PROMPT PAYMENT DISCOUNT**

The prompt payment discount is the difference between the net and gross rates and will be allowed on all bills paid within ten days from the due date.

**TERM OF CONTRACT**

Service under this classification shall be for an initial period of five (5) years, and thereafter from year to year until terminated by thirty days' written notice by either the Consumer or the Company of intention to terminate the contract, for the original Consumers who sign applications for service prior to the construction of the suburban line.

The term of contract for Consumers who sign applications for service subsequent to the completion of the suburban line shall be for a period then equal to the unexpired part of the five years for which the original Consumers signed applications for service, and thereafter from year to year until terminated by thirty days' written notice by either the Consumer or the Company of intention to terminate the contract.

Upon and after the expiration of the initial period of five years for which the original Consumers sign applications for service, the term of contract for all Consumers on the suburban line shall be for one year and thereafter from year to year until terminated by thirty days' written notice by either the Consumer or the Company of intention to terminate the contract.

Experimental rate customers who were receiving service on September 2, 1933, under Service Classification "D" and properly classified thereunder, may continue to be served on the same schedule of rates.

**Rules of Alabama Public Service Commission concerning  
rural lines.**

By Order of Alabama Public Service Commission  
Non Docket 982, September 5, 1935, July 17, 1936, December 17, 1936.

Alabama Power Company No. 1  
Fourth Revised Sheet No. 12a

**SERVICE CLASSIFICATION "E-1"**

*(Continued)*

**b. SEASONAL POWER:**

The kilowatts of all motors of  $7\frac{1}{2}$  horsepower rating or over used exclusively for seasonal operations of an individual farm shall be as follows:

- $7\frac{1}{2}$  h.p. motors—fifty per cent (50%).
- 10 h.p. motors or larger—forty per cent (40%).

**COOKING AND HEATING LOAD:**

Cooking and heating appliances with manufacturer's rating of 880 watts or less will not be counted.

The connected load for cooking and baking equipment ordinarily used in the preparation of food, air heaters, water heaters, melting pots on linotype machines, X-rays, hair dryers, and or ten kilowatts of connected load for sterilizers, vulcanizers, permanent wave machines, hotbed heating elements and heating elements in incubators and brooders shall be counted only in determining the minimum charge.

**ALL OTHER LOAD:**

All other load will be counted at the manufacturer's rating in watts or volt-amperes of such equipment, or by test.

Where double throw switches are used, the maximum sum total of consumer's loads, as determined herein which can be operated at one time, will be counted.

**MINIMUM CONTRACTED CAPACITY:**

The Minimum Contracted Capacity Requirements per consumer shall be  $1\frac{1}{2}$  kilowatts. Before beginning construction of any suburban line, the Company may require the consumer or consumers to be served therefrom to contract for a total Minimum Capacity Requirements at the rate of  $7\frac{1}{2}$  kilowatts per mile of line. At the expiration of the first five years of service from a suburban line the Minimum Capacity Requirements shall be reduced to 5 kilowatts per mile of line, without otherwise affecting the rate.

**OPTIONAL DEPOSIT IN LIEU OF MONTHLY CHARGE FOR FIRST 5 KWH:**

Any consumer receiving service from a suburban line may, at his option and in lieu of the monthly charge for the first 5 KWH, deposit with the Company an amount equal to \$150.00 for each \$1.00 of monthly charge as determined above. Such deposit will be returned to the Consumer in full without interest at the time of the termination of his contract, but in no instance less than one year from the beginning of service.

**SPECIAL RULES GOVERNING THE APPLICATION OF SERVICE  
CLASSIFICATION "E-1"**

suburban distribution line of the Company for electric lighting, cooking, heating, refrigeration or power service having a demand of less than 50 kilowatts, or any combination of these, where the total consumption can be measured at one delivery point.

**"OBJECTIVE" RATE**

\$1.25 net (\$1.375 gross) for the first 15 KWH or less per month; plus  
4.5c net (4.95c gross) per KWH for the next 15 KWH per 100 watts per month; plus  
2.0c net (2.20c gross) per KWH for the next 10 KWH per 100 watts per month, but  
not less than 150 KWH per month; plus  
1.25c net (1.375c gross) per KWH for the next 500 KWH per month; plus  
1.0c net (1.10c) gross per KWH for all KWH per month in excess of above amounts.

**DETERMINATION OF CAPACITY REQUIREMENTS**

The capacity requirements of each Consumer, as determined below to the nearest 100 watts, shall be based on the connected load but shall not be considered as less than 400 watts for residences nor less than 1,000 watts for commercial or other farm uses.

**(a) RESIDENTIAL**

The connected load of each residence and 200 watts of yard, barn, garage or other lighting, will be considered as 400 watts in determination of the capacity requirements.

The initial monthly charge of \$1.25 net (\$1.375 gross) shall be increased \$1.00 net (\$1.10 gross) per KW for electric range and heating load in excess of 10 KW, and 75c net (82.5c gross) per HP for all connected motor loads in excess of 3 HP.

The maximum size of any single motor shall not exceed 3 HP.

**(b) OTHER THAN RESIDENTIAL**

**LIGHTING—**

100% of the first 1,000 watts of connected lamp wattage or volt ampere rating;  
plus  
80% of the next 9,000 watts of connected lamp wattage or volt ampere rating;  
plus  
50% of all over 10,000 watts of connected lamp wattage or volt ampere rating.

**MOTORS—**

40% of the first 10 HP of connected motor load; plus  
30% of all over 10 HP of connected motor load.

Motors with manufacturer's rating of  $\frac{1}{6}$  HP or less will not be counted.

One (1) HP of motor load as determined above shall be the equivalent of 750 Watts.

**ALL OTHER LOADS—**

Appliances with manufacturer's rating of 880 watts or less and 10 KW of cooking and heating loads will not be counted. All other connected loads will be counted at 50% of manufacturer's rating in the determination of the capacity requirements.

for seasonal operations of an individual farm shall be as follows:

7½ h.p. motors—fifty per cent (50%).

10 h.p. motors or larger—forty per cent (40%).

#### **COOKING AND HEATING LOAD:**

Cooking and heating appliances with manufacturer's rating of 880 watts or less will not be counted.

The connected load for cooking and baking equipment ordinarily used in the preparation of food, air heaters, water heaters, melting pots on linotype machines, X-rays, hair dryers, and, or ten kilowatts of connected load for sterilizers, vulcanizers, permanent wave machines, hotbed heating elements and heating elements in incubators and brooders shall be counted only in determining the minimum charge.

#### **ALL OTHER LOAD:**

All other load will be counted at the manufacturer's rating in watts or volt-amperes of such equipment, or by test.

Where double throw switches are used, the maximum sum total of consumer's loads, as determined herein which can be operated at one time, will be counted.

#### **MINIMUM CONTRACTED CAPACITY:**

The Minimum Contracted Capacity Requirements per consumer shall be 1½ kilowatts. Before beginning construction of any suburban line, the Company may require the consumer or consumers to be served therefrom to contract for a total Minimum Capacity Requirements at the rate of 7½ kilowatts per mile of line. At the expiration of the first five years of service from a suburban line the Minimum Capacity Requirements shall be reduced to 5 kilowatts per mile of line, without otherwise affecting the rate.

#### **OPTIONAL DEPOSIT IN LIEU OF MONTHLY CHARGE FOR FIRST 5 KWH:**

Any consumer receiving service from a suburban line may, at his option and in lieu of the monthly charge for the first 5 KWH, deposit with the Company an amount equal to \$150.00 for each \$1.00 of monthly charge as determined above. Such deposit will be returned to the Consumer in full without interest at the time of the termination of his contract, but in no instance less than one year from the beginning of service.

### **SPECIAL RULES GOVERNING THE APPLICATION OF SERVICE CLASSIFICATION "E-1"**

#### **1. A suburban line is defined to be:**

- (a) Any electrical distribution line of 11 000 volts or less, not within the corporate limits of a municipality, which serves less than twenty Consumers per mile of pole line, and/or



# Rules of Alabama Public Service Commission concerning rural lines.

By Order of Alabama Public Service Commission  
 Non Docket 962, September 3, 1935, July 17, 1936, December 17, 1936.

Alabama Power Company No. 1  
 Fourth Revised Sheet No. 129

## SERVICE CLASSIFICATION "E-1"

(Continued)

- (b) Any electrical distribution line of 11,000 volts or less, within the corporate limits of a municipality, upon approval of the Alabama Public Service Commission.
2. Each suburban line as originally constructed shall be considered a unit in applying the monthly charge for the first 5 KWH or less, unless there is such a wide difference in Consumer-density between sections or branches of such line as to constitute marked discrimination against the higher density group, and in this event such sections or branches may be considered separate suburban lines.
3. New Consumers added to a suburban line will be served at the same base monthly charge for the first 5 KWH or less as existing Consumers on such line, unless such addition constitutes an extension which would reduce the average number of Consumers per mile of line, in which event the extension shall be considered a new suburban line.
4. (a) Any section of a suburban line, which is immediately adjacent to an urban distribution system and is served by an extension to such urban distribution system, serving 20 Consumers or more per mile shall become an urban line and service shall be rendered to such section at such urban rates as may be applicable, provided the remainder of such suburban line can be served without increase in the monthly minimum charge for the first 5 KWH to the consumers served therefrom.  
 (b) The Consumers of any section of a suburban line having a total of 75 Consumers or more and a density of 20 Consumers or more per mile, not including any Consumer located at a distance of one-half mile or more from the nearest other Consumer, shall be served at urban rates provided the remainder of such suburban line can be served without increase in the monthly minimum charge for the first 5 KWH to the Consumers served therefrom.
5. The monthly charge for the first 5 KWH or the equivalent Optional Deposit of each Consumer shall be subject to adjustment as of January 1 of each year.
6. The Company shall furnish and install, free of expense to the Consumer, service wires from its pole line to the first approved point of permanent support, or to the first pole of service on Consumer's premises. Special service or distribution lines required to be constructed on private property shall be constructed by the Company at cost and will be subject to a special agreement between the Company and the Consumer, or Consumers, to be served.
7. Where facilities are available at the premises of any Consumer for three-phase service, such service may be established under this classification for motor loads of 5 H.P. and over. The Company shall not, however, be required to construct any additional facilities for the purpose of supplying three-phase service unless the revenue to be derived immediately therefrom shall be sufficient to yield the Company a fair return on the value of such additional facilities.

In consideration of the readiness of the Company to furnish such service, each Consumer shall pay a monthly minimum charge of \$1.25 net (\$1.375 gross); plus 75c net (82.5c gross) per HP for all connected motor load other than motors of 3 HP rating or less, not exceeding a total of 3 HP used exclusively for residential purposes; plus \$1.00 net (\$1.10 gross) per KW for all over 10 KW of residential cooking and heating loads and/or all over 10 KW of other non-lighting load.

### PROMPT PAYMENT DISCOUNT

The prompt payment discount is the difference between the net and gross rates and will be allowed on all bills paid within ten days from due date of bill.

### APPLICATION OF RATE PLAN

- (1) For present suburban Consumers who have taken service for at least 12 months and whose monthly bills figured at "Objective" Service Classification "E-4" equal or exceed the amount paid to the Company for service the same month during the service year ending May, 1934, "Objective" Service Classification "E-4" shall be applied by the Company for that month unless the application of Service Classification "E-1" results in a lower bill.
- (2) Whenever during any month Service Classification "E-1" would result in a bill less than the amount paid to the Company for service the same month during the service year ending May, 1934, Service Classification "E-1" shall be applied by the Company for that month.
- (3) Whenever the Consumer's bill for any month, computed under "Objective" Service Classification "E-4," would be less than the amount paid to the Company for service the same month during the service year ending May, 1934, but would be greater at Service Classification "E-1", then the bill rendered shall be equal to the amount paid to the Company for service the same month during the year ending May, 1934.
- (4) For Consumers connected for less than twelve months preceding June, 1934, and for new Consumers, Service Classification "E-1" will apply for such Consumers until the first twelve months of service shall have elapsed, and thereafter "Objective" Service Classification "E-4" will be applicable on the basis provided for in Paragraphs 1, 2 and 3 hereof.
- (5) Any residential suburban consumer using electric service for any combination of cooking, refrigeration and water heating shall have a maximum base bill of \$8.00 per month for the first two (2) KW or less of contracted capacity, plus 40c per 100 watts of contracted capacity in excess of two (2) KW, such contracted capacity to be determined on the basis of Service Classification "E-1."

No such suburban residential consumer shall be billed in any month for an amount in excess of the maximum base bill determined as above, unless such consumer's uses of electric service figured at Service Classification "E-4" exceed the amount of such base bill for that month.

Special Rules Governing the Application of Service Classification "E-1" shall apply to and govern the application of this Service Classification.

- (b) Any electrical distribution line of 11,000 volts or less, within the corporate limits of a municipality, upon approval of the Alabama Public Service Commission.
2. Each suburban line as originally constructed shall be considered a unit in applying the monthly charge for the first 5 KWH or less, unless there is such a wide difference in Consumer-density between sections or branches of such line as to constitute marked discrimination against the higher density group, and in this event such sections or branches may be considered separate suburban lines.
  3. New Consumers added to a suburban line will be served at the same base monthly charge for the first 5 KWH or less as existing Consumers on such line, unless such addition constitutes an extension which would reduce the average number of Consumers per mile of line, in which event the extension shall be considered a new suburban line.
  4. (a) Any section of a suburban line, which is immediately adjacent to an urban distribution system and is served by an extension to such urban distribution system, serving 20 Consumers or more per mile shall become an urban line and service shall be rendered to such section at such urban rates as may be applicable, provided the remainder of such suburban line can be served without increase in the monthly minimum charge for the first 5 KWH to the consumers served therefrom.  
(b) The Consumers of any section of a suburban line having a total of 75 Consumers or more and a density of 20 Consumers or more per mile, not including any Consumer located at a distance of one-half mile or more from the nearest other Consumer, shall be served at urban rates provided the remainder of such suburban line can be served without increase in the monthly minimum charge for the first 5 KWH to the Consumers served therefrom.
  5. The monthly charge for the first 5 KWH or the equivalent Optional Deposit of each Consumer shall be subject to adjustment as of January 1 of each year.
  6. The Company shall furnish and install, free of expense to the Consumer, service wires from its pole line to the first approved point of permanent support, or to the first pole of service on Consumer's premises. Special service or distribution lines required to be constructed on private property shall be constructed by the Company at cost and will be subject to a special agreement between the Company and the Consumer, or Consumers, to be served.
  7. Where facilities are available at the premises of any Consumer for three-phase service, such service may be established under this classification for motor loads of 5 H.P. and over. The Company shall not, however, be required to construct any additional facilities for the purpose of supplying three-phase service unless the revenue to be derived immediately therefrom shall be sufficient to yield the Company a fair return on the value of such additional facilities.
  8. Industrial power consumers served from the suburban lines as herein defined shall be billed at the rates and charges prescribed by the standard power service classification applicable to such service.



## COMPLAINANTS' EXHIBIT No. 185

### Rules of Alabama Public Service Commission concerning rural lines,

By Order of Alabama Public Service Commission  
Non Docket 982, September 5, 1935, July 17, 1936, December 17, 1936.

Alabama Power Company No. 1  
Fourth Revised Sheet No. 12c

#### SERVICE CLASSIFICATION "E-1"

(Continued)

9. The following conditions shall govern credits when applicable to suburban lines:
  - (a) Consumers served from any suburban line which is used to extend service to a community at urban rates shall not be charged for any capacity requirements in excess of that determined by their actual connected loads.
  - (b) Should the Company elect to construct a suburban line on existing poles supporting a transmission line of the Company, the suburban line shall be credited with two and one-half (2½) KW per mile of such joint pole line.
  - (c) A suburban line shall not receive any credits for temporary service.
10. The Company shall not be required to construct a suburban line more than two-tenths (2/10) of a mile of line per Consumer without the right to require the Consumer or Consumers to make a guarantee to secure the permanency of the Company's investment by special deposit, or other manner acceptable to the Company.

#### MINIMUM BILL

In consideration of the readiness of the Company to furnish such service, each consumer shall pay a monthly minimum charge equal to the monthly charge for the first 5 KWH, plus \$1.00 net (\$1.10 gross) per KW for all over 10 KW of residential cooking and heating loads and or all over 10 KW of other loads except lighting and motors.

#### PROMPT PAYMENT DISCOUNT

The prompt payment discount is the difference between the net and gross rates and will be allowed on all bills paid within ten days from the due date.

#### TERM OF CONTRACT

Service under this classification shall be for an initial period of five (5) years, and thereafter from year to year until terminated by thirty days' written notice by either the Consumer or the Company of intention to terminate the contract, for the original Consumers who sign applications for service prior to the construction of the suburban line.

The term of contract for Consumers who sign applications for service subsequent to the completion of the suburban line shall be for a period then equal to the unexpired part of the five years for which the original Consumers signed applications for service, and thereafter from year to year until terminated by thirty days' written notice by either the Consumer or the Company of intention to terminate the contract.

**COMPLAINANTS' EXHIBIT No. 185**

**Rules of Alabama Public Service Commission concerning  
rural lines.**

By Order of Alabama Public Service Commission  
New South 982 September 5, 1935.

Alabama Power Company No. 1  
First Revised Sheet No. 13-d

**"OBJECTIVE" SERVICE CLASSIFICATION "E-4"  
SUBURBAN ELECTRIC SERVICE**

**110-220 VOLTS**

**SINGLE PHASE**

**AVAILABILITY**

Available on the basis provided herein to any Consumer served from a single phase suburban distribution line of the Company for electric lighting, cooking, heating, refrigeration or power service having a demand of less than 50 kilowatts, or any combination of these, where the total consumption can be measured at one delivery point.

**"OBJECTIVE" RATE**

\$1.25 net (\$1.375 gross) for the first 15 KWH or less per month; plus  
4.5c net (4.95c gross) per KWH for the next 15 KWH per 100 watts per month; plus  
2.0c net (2.20c gross) per KWH for the next 10 KWH per 100 watts per month, but  
not less than 150 KWH per month; plus  
1.25c net (1.375c gross) per KWH for the next 500 KWH per month; plus  
1.0c net (1.10c) gross per KWH for all KWH per month in excess of above amounts.

**DETERMINATION OF CAPACITY REQUIREMENTS**

The capacity requirements of each Consumer, as determined below to the nearest 100 watts, shall be based on the connected load but shall not be considered as less than 400 watts for residences nor less than 1,000 watts for commercial or other farm uses.

**(a) RESIDENTIAL**

The connected load of each residence and 200 watts of yard, barn, garage or other lighting, will be considered as 400 watts in determination of the capacity requirements.

The initial monthly charge of \$1.25 net (\$1.375 gross) shall be increased \$1.00 net (\$1.10 gross) per KW for electric range and heating load in excess of 10 KW, and 75c net (82.5c gross) per HP for all connected motor loads in excess of 3 HP.

The maximum size of any single motor shall not exceed 3 HP.

**(b) OTHER THAN RESIDENTIAL**

**LIGHTING—**

100% of the first 1,000 watts of connected lamp wattage or volt ampere rating;

plus

80% of the next 9,000 watts of connected lamp wattage or volt ampere rating;

plus

50% of all over 10,000 watts of connected lamp wattage or volt ampere rating.

**MOTORS—**

40% of the first 10 HP of connected motor load; plus

30% of all over 10 HP of connected motor load.

Motors with manufacturer's rating of 1/6 HP or less will not be counted.

One (1) HP of motor load as determined above shall be the equivalent of 750

COMPLAINANTS' EXHIBIT No. 185

Rules of Alabama Public Service Commission concerning  
rural lines.

By Order of Alabama Public Service Commission  
New Doctol 922 September 5, 1935.

Alabama Power Company No. 1  
First Revised Sheet No. 13-a

"OBJECTIVE" SERVICE CLASSIFICATION "E-4"

(Continued)

MINIMUM BILL

In consideration of the readiness of the Company to furnish such service, each Consumer shall pay a monthly minimum charge of \$1.25 net (\$1.375 gross); plus 75c net (82.5c gross) per HP for all connected motor load other than motors of 3 HP rating or less, not exceeding a total of 3 HP used exclusively for residential purposes; plus \$1.00 net (\$1.10 gross) per KW for all over 10 KW of residential cooking and heating loads and/or all over 10 KW of other non-lighting load.

PROMPT PAYMENT DISCOUNT

The prompt payment discount is the difference between the net and gross rates and will be allowed on all bills paid within ten days from due date of bill.

APPLICATION OF RATE PLAN

- (1) For present suburban Consumers who have taken service for at least 12 months and whose monthly bills figured at "Objective" Service Classification "E-4" equal or exceed the amount paid to the Company for service the same month during the service year ending May, 1934, "Objective" Service Classification "E-4" shall be applied by the Company for that month unless the application of Service Classification "E-1" results in a lower bill.
- (2) Whenever during any month Service Classification "E-1" would result in a bill less than the amount paid to the Company for service the same month during the service year ending May, 1934, Service Classification "E-1" shall be applied by the Company for that month.
- (3) Whenever the Consumer's bill for any month, computed under "Objective" Service Classification "E-4," would be less than the amount paid to the Company for service the same month during the service year ending May, 1934, but would be greater at Service Classification "E-1", then the bill rendered shall be equal to the amount paid to the Company for service the same month during the year ending May, 1934.
- (4) For Consumers connected for less than twelve months preceding June, 1934, and for new Consumers, Service Classification "E-1" will apply for such Consumers until the first twelve months of service shall have elapsed, and thereafter "Objective" Service Classification "E-4" will be applicable on the basis provided for in Paragraphs 1, 2 and 3 hereof.
- (5) Any residential suburban consumer using electric service for any combination of cooking, refrigeration and water heating shall have a maximum base bill of \$8.00 per month for the first two (2) KW or less of contracted capacity, plus 40c per 100 watts of contracted capacity in excess of two (2) KW, such contracted capacity to be determined on the basis of Service Classification "E-1."

No such suburban residential consumer shall be billed in any month for an amount in excess of the maximum base bill determined as above, unless such consumer's uses of electric service figured at Service Classification "E-4" exceed the amount of such base bill for that month.

[fol. 2530] COMPLAINANTS' EXHIBIT No. 185

## Alabama Power Company

Paragraph 5 of First Revised Sheet No. 12-e of "Objective" Service Classification "E-4"

(5) Any suburban consumer using electric service for any combination of residential cooking, refrigeration and water heating shall have a maximum base bill of \$8.00 per month for the first two (2) kw. or less of contracted capacity requirements; plus forty cents (40c) per one hundred (100) watts of contracted capacity requirements in excess of two (2) kw., such contracted capacity requirements to be determined on the basis of Service Classification "E-1".

Approved by Alabama Public Service Commission in its Non-Docket 982, May 18, 1936. To be effective on bills dated June 1, 1936, and thereafter.

[fol. 2531] COMPLAINANTS' EXHIBIT No. 186

## Alabama Power Company

Alabama Towns Voting to Sell Their Electric Systems  
1916 to 1930

Town or City	Population	Date System Acquired
Ashland	1,655	May 1, 1916
Camp Hill	952	Feb. 1, 1917
Roanoke	3,841	Jan. 1, 1918
Dadeville	1,146	Jan. 1, 1923
Union Springs	4,125	Sept. 1, "
Wetumpka	1,520	Sept. 1, "
Russellville	2,269	Nov. 1, "
Boaz	1,369	Dec. 1, "
Albertville	1,666	Mar. 1, 1924
Midland City	755	Apr. 9, 1925
Newville	528	Apr. 9, "
Faunsdale	264	Nov. 28, "
Uniontown	1,424	Dec. 1, "
Goodwater	996	Mar. 11, 1926
Columbia	1,180	Mar. 16, "

## COMPLAINANTS' EXHIBIT No. 186

Town or City	Population	Date System Acquired
Slocumb .....	964	Apr. 1, 1926
York .....	1,796	Apr. 3, "
Haleyville .....	2,115	May 19, "
Livingston .....	1,072	July 7, "
Ozark .....	3,103	July 15, "
Pinckard .....	633	Aug. 1, "
Gordo .....	811	Jan. 18, 1927
Hurtsboro .....	884	Jan. 22, "
Clayton .....	1,717	Mar. 15, "
Jackson .....	1,828	Apr. 1, "
Carbon Hill .....	2,519	June 14, "
Eutaw .....	1,721	Sept. 6, "
Geneva .....	1,593	Nov. -, "
Bay Minette .....	1,545	Apr. 27, 1928
Brewton .....	2,818	Oct. 28, "
Newton .....	661	Mar. 26, 1929
Auburn (State Owned) ..	2,713	June 19, 1930
Headland .....	1,811	June 30, "

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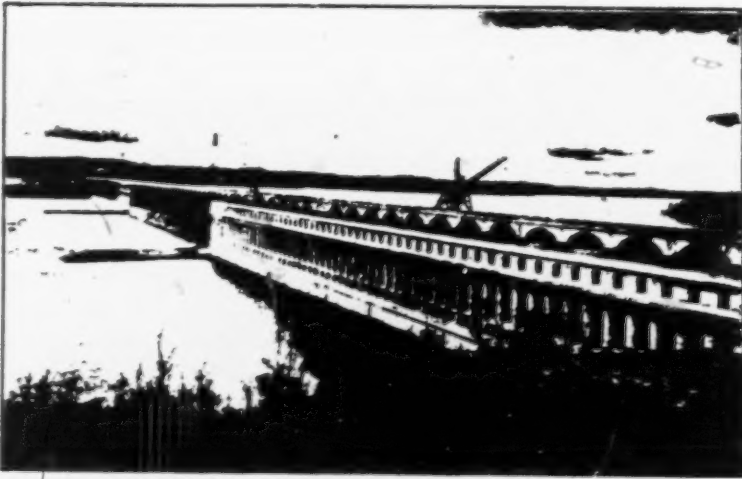
[fol. 2532] COMPLAINANTS' EXHIBIT No. 187 (Excluded)

Rotogravure Pamphlet Issued by Electric Home and Farm  
Authority, Inc.

(Original Exhibit)

COMPLAINANTS' EXHIBIT No. 188  
 Booklet entitled "The Tennessee Valley Authority".  
 (Original Exhibit)

## THE TENNESSEE VALLEY AUTHORITY



WILSON DAM AND POWER HOUSE AT MUSCLE SHOALS.

*"The continued idleness of a great national investment in the Tennessee Valley leads me to ask the Congress for legislation necessary to enlist this project in the service of the people."*

President Roosevelt said this in his message to Congress proposing creation of the Tennessee Valley Authority. The great national investment to which he referred is the Government's war-time developments at Muscle Shoals designed to produce nitrates for use in making explosives. These are represented by Wilson Dam and power house, nitrate plants nos. 1 and 2, together with quarries; railroads, transmission lines, and other accessories needed for their operation.

But the President had more in mind than merely enlisting this Muscle Shoals investment in the service of the people. He said further in his message to Congress:

*"It is clear that the Muscle Shoals development is but a small part of the potential public usefulness of the entire Tennessee River. Such use, if envisioned in its entirety, transcends mere power development: it enters the wide fields of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns."*



## COMPLAINANTS' EXHIBIT No. 188

It is upon such a program that the Tennessee Valley Authority now is launched. The following are some of the fields in which work is being done:

Land classification, improvement of agriculture, and proper utilization of marginal lands.

Coordination of agriculture and industry along practical lines.

Development of domestic industries to supplement agriculture in providing local employment. An effort to achieve a balance between mass-production industry based on raw materials and cheap power, small "quality" industries based on the large supply of intelligent labor, and industries for home consumption.

Development of the power resources of the Tennessee Valley watershed as an integrated system.

Utilization of the power resources of the Tennessee Valley as a yardstick in determining the relative costs of public and private power operation; distribution of this power to the greatest number of people at the least possible cost, and conservation of its national defense assets.

Experiments leading to the production of more and better fertilizer and fertilizer materials for the United States.

Opening the Tennessee River to an economic maximum of navigation. Maximum flood control.

Promotion of reforestation and methods of retarding soil erosion.

Conservation and utilization of the basin's mineral and other natural resources.



Administration of this program as authorized by act of Congress on May 18, 1933, is placed in the care of a board of three directors appointed by the President with the approval of the Senate. The members of the board are: Arthur E. Morgan, chairman; Harcourt A. Morgan, and David E. Lilienthal.

The development embraces more than 40,000 square miles and encompasses the drainage area of the Tennessee River and its tributaries in Tennessee and portions of six other States—Virginia, North Carolina, Georgia, Alabama, Mississippi, and Kentucky. More than 2,000,000 people live within this area, with about 6,000,000 in the immediate sphere of influence.

### MUSCLE SHOALS PROPERTIES <sup>1</sup>

When the T.V.A. was created, the Government properties at Muscle Shoals were turned over to its care. These properties, erected during the

<sup>1</sup> The rapids in the Tennessee River, extending from Browns Island to Florence, Ala., a distance of 37 miles with a total fall of 134 feet, long constituted a handicap to navigation, especially during low water. There is a popular story that the Indians named these rapids "Muscle Shoals" because it required "heap big muscle" to get their canoes around the place. Another tale is that the Shoals were originally named "Muscel" because of the fresh-water mussels once said to abound there. However, "muscle" and "mussel" are synonymous in old dictionaries. Atlases and maps of the late 1700's refer to the Alabama shoals as "Muscle Shoals." It so appears in the Cherokee Treaty signed at Washington in 1806 and in numerous acts of Congress and Government reports since 1828. In 1892 the United States Geographic Board decided that the correct spelling is "Muscle Shoals", and so it is today.

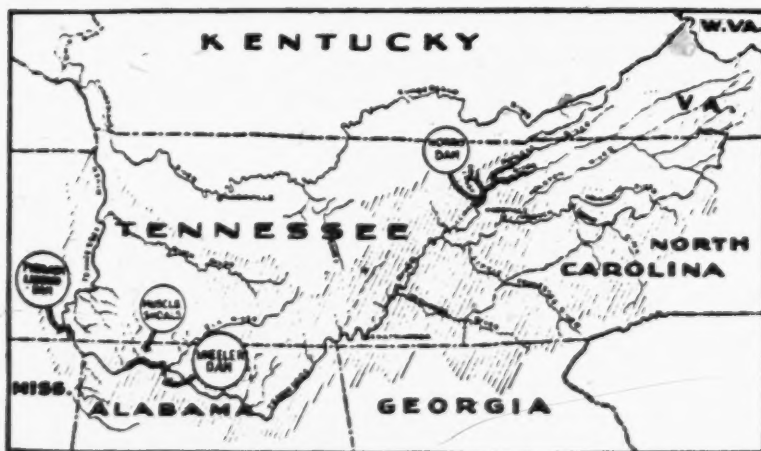
## COMPLAINANTS' EXHIBIT No. 188

World War, include Wilson Dam, Nitrate Plant No. 1; Nitrate Plant No. 2, and Waco Quarry.

The Tennessee River is formed at the confluence of the French Broad and Holston Rivers 1½ miles above Knoxville, Tenn. Wilson Dam is 393 miles below that point. It is 259 miles above Paducah, Ky., where the Tennessee joins the Ohio. By road it is 115 miles from Nashville, 135 miles from Birmingham, and 155 miles from Memphis. The dam was formerly known as Dam No. 2 until named in honor of President Wilson. It is a gravity-type concrete structure approximately nine tenths of a mile long, 107 feet high from base to level of lake, 101 feet wide at base, has fifty-eight 38-foot-wide spillways, each permitting the flow of 10,000 cubic feet of water per second at normal lake level. A 20-foot concrete roadway crosses the river along the crest of the dam.

The construction of the dam and the buildings necessary for its operation required the pouring of 1,331,501 cubic yards of concrete. Extending from the spillway section and paralleling the left front of the dam is the power house—1,197 feet long by 115 feet wide—housing the generating machinery. The building contains 9 turbines (243 tons of moving parts)—1 of 35,000 horsepower, 4 of 30,000 horsepower, and 1 auxiliary of 1,000 horsepower—a total of 261,000 installed horsepower. There is room for additional turbines, or a total ultimate installation of 14 of 35,000 horsepower, 4 of 30,000 horsepower, and 2 auxiliaries of 1,000 horsepower—making 612,000 horsepower.

Tandem locks are provided for navigation around the north end of Wilson Dam. Each lock is 300 feet long by 60 feet wide and provides a depth of 9½ feet. Together they can lift a barge 89 feet in less than an hour. The locks are spanned by a single-leaf 148-foot lift bridge which



GENERAL OUTLINE OF THE TENNESSEE RIVER BASIN.

## COMPLAINANTS' EXHIBIT No. 188

links the highway on the dam to the shore. The canal and locks remain under War Department navigation jurisdiction.

The water impounded by Wilson Dam stretches upstream for 17 miles, covers 23 square miles, and is 97 feet deep at the dam. The normal pool elevation is 305 feet above mean sea level.

## NITRATE PLANT NO. 1

Nitrate Plant No. 1 is on a 1,900-acre Government reservation on the south bank of the Tennessee River about 7 miles below Wilson Dam. This plant was constructed during 1917-18 at a war-time cost of approximately \$12,000,000 to manufacture ammonium nitrate by the synthetic or modified Haber process. The plant was intended to produce 22,000 tons of grained ammonium nitrate per year. The construction of this plant by the Federal Government was a national defense measure during the World War. The plant is now obsolete.

## NITRATE PLANT NO. 2

Nitrate Plant No. 2 is on a 2,306-acre Government reservation on the south bank of the Tennessee River about 1 mile below Wilson Dam. It is the largest plant in the world for the fixation of atmospheric nitrogen by the cyanamid process. The equipment includes a steam-electric generating plant with a capacity of 76,000 horsepower. The plant was built during the war period at a cost of about \$75,000,000 and is capable of producing 110,000 tons of ammonium nitrate per year.

The T.V.A. is empowered to use the nitrate plants in the production of new and better forms of fertilizers "by modernizing existing plants or by any other process or processes that shall appear wise in lowering the cost of production, distribution, and application of the major elements of plant food." Experiments are now being conducted along such lines by means of a new demonstration plant which T.V.A. has constructed at Nitrate Plant No. 2.

## WHEELER DAM

Wheeler Dam is located near the head of Wilson Lake, about 15½ miles above Wilson Dam, on the Tennessee River. It is named for Gen. Joseph Wheeler, a Confederate general and a commander of United States forces in the Spanish-American War. It has previously been referred to as Dam No. 3. President Roosevelt requested in October 1933 that the Tennessee Valley Authority begin construction of Wheeler Dam. The dam will be 50 feet high, approximately 6,000 feet long, and will provide a reservoir of about 100 square miles in area. This lake will extend up the river about 80 miles to Buck Island, some 5 miles above Guntersville, Ala. Wheeler Dam will provide navigable waters nearly to Guntersville. Between 600,000 and 700,000 cubic yards of concrete will be needed to complete the dam and power house. Cement to the amount of 750,000 to 900,000 barrels will be used. Construction work

## COMPLAINANTS' EXHIBIT No. 188

started on the navigation locks for Wheeler Dam in January 1933 by the United States Corps of Engineers. Construction of the dam proper by the Tennessee Valley Authority began in November 1933. The estimated cost of the dam, exclusive of the power house, is \$20,000,000. The power house eventually will have 10 generators of 43,000 horsepower each. The immediate installation will be one of these generators.

## NORRIS DAM

Norris Dam, formerly called the Cove Creek Dam, is located about 25 miles northwest of Knoxville, Tenn., on the Clinch River nearly 80 miles above the point where that tributary joins the Tennessee. It is named for United States Senator George W. Norris, of Nebraska. Norris Dam will be 253 feet high from foundation to roadway, 210 feet thick at the



NORRIS DAM AS IT WILL APPEAR WHEN COMPLETED.

base, and 1,800 feet long at the crest. The elevation of roadway on the crest will be 1,060 feet above mean sea level. The waters impounded by Norris Dam will form an artificial lake of 3,600,000 acre-feet covering some 80 square miles with a shore line of more than 800 miles. The cost of the dam is estimated at about \$31,000,000. Two 60,000-horsepower generating units will be installed in the Norris Dam power house.

One million cubic yards of concrete are needed for the dam and power house. The same number of barrels of cement will be used.

Norris Dam is primarily a storage dam. Wilson and Wheeler Dams are what are called run-of-the-river plants. When the river is high much power can be produced at Wilson and Wheeler. When the river is low little power is available. On the other hand, Norris Dam, with its

## COMPLAINANTS' EXHIBIT No. 188

enormous reservoir, can store a year's rainfall from several thousand square miles. So these and future dams will be connected with transmission lines.

During the wet season, when there is an abundance of power at the run-of-the-river plants, such as Wilson and Wheeler, the Norris plant will be shut down and the water stored. During the dry season that water will be let out. It will develop power at the Norris Dam, and then, as it passes down the river, it will develop power at Wheeler Dam and at Wilson Dam. So, instead of doing its work once, it will do it as many times as there are run-of-the-river plants below. For this reason, an integrated power system embracing the entire watershed may be worth twice as much for a given investment; or, to put it another way, power would cost only half as much in the integrated system as it would in an unorganized group of plants operated individually and without regard for the other plants.

## PICKWICK LANDING DAM

Pickwick Landing Dam is located on the Tennessee River about 8 miles upstream from Shiloh battlefield and about 10 miles north of the State line juncture of Mississippi, Alabama, and Tennessee. This dam will have an overall length of 7,710 feet, nearly  $1\frac{1}{2}$  miles. This includes 2 earth dam sections, 1 on the north bank 1,035 feet long and 1 on the south bank 4,650 feet long. The remaining middle section will be of concrete. The height of the concrete section from foundation to top will be 103 feet.

The navigation lock, 600 feet long by 110 feet wide, will have the highest single lift in the world, namely 61 feet. The dam will form a lake 76 square miles in area, backing up to the foot of Wilson Dam, approximately 53 miles upstream. With Norris and Wheeler Dams in operation and the completion of Pickwick Landing Dam, a 7-foot navigation channel will be made available from the mouth of the Tennessee at Paducah, Ky., to Guntersville, Ala., a distance of 358 miles.

While this dam is not now needed for power production, it will be so constructed that power installation can be made when needed. The ultimate power development, under an average operating head of 54 feet, will consist of 6 units of 45,000 horsepower capacity each.

The dam without power house is estimated to cost \$22,000,000 and probably will be completed within 3 years.

## THE POWER PROGRAM

Hates to encourage people to use more electricity and by so doing realize the leisure and comfort envisioned in President Roosevelt's

## COMPLAINANTS' EXHIBIT No. 188

planned future for the Nation is the basis of the power policy formulated by the Authority. The T.V.A. rate schedule, worked out after a careful study of costs and market factors, constitutes the desired yardstick for fair comparison with private utilities. In fixing the rates every item of cost to which private utilities have been subjected is included.

Under the act creating it, the Authority in allocating its power must give priority to municipalities, cooperatives, and other nonprofit agencies. In turn the Authority retains control over the resale rates to householders and its contracts provide strict T.V.A. supervision over accounting methods and operation of the distributing agency.

In January 1934 the T.V.A. entered into an agreement<sup>2</sup> with the Alabama Power Co., Tennessee Electric Power Co., Mississippi Power Co., and the Georgia Power Co., under which the T.V.A. acquired electric facilities in a substantial territory in three States. In addition to providing an immediate market for all Muscle Shoals power, the contract greatly facilitated the extensive rural electrification program of the Authority. It also serves as a demonstration of the Authority's often expressed policy to carry out the mandate of the President and Congress and yet avoid the destruction of prudent investment in privately owned public utilities. By the purchase of private utility property which was found to be useful, at prices which were fair but not more than the properties were reasonably worth, the Authority has avoided the necessity of building duplicating competing facilities with consequent injury to the public investors in existing utility property.

## TOWN OF NORRIS

The community of Norris, Tenn., is located about 4 miles from the site of Norris Dam. Norris is a permanent community of economical but attractive small houses, electrically equipped, constructed by the Authority to house the workers on Norris Dam.

<sup>2</sup> The contract, which will terminate as soon as power is available from Norris Dam, contains the following major provisions:

1. Purchase by the Authority of approximately \$3,000,000 of property from the Alabama Power Co., Mississippi Power Co., and Tennessee Electric Power Co., by which the Authority obtains immediate urban and rural markets in Mississippi, Tennessee, and Alabama.
2. Sale of distributing systems in the Mississippi counties affected to the Authority.
3. Sale of distributing systems in the Alabama counties affected to the municipalities by the Alabama Power Co.
4. Option is granted the Authority to purchase distributing systems in Tennessee counties affected.
5. An agreement to reduce electric rates by the Tennessee Electric Power Co. to the level recently established by the Georgia Power Co.

In addition to these provisions, the contract sets date further agreement as to power market areas, power interchange points and rates between the Authority and the power companies, and arrangements for sale of electric appliances through Electric Home & Farm Authority, Inc., appliance subsidiary of the Authority.

2533-F

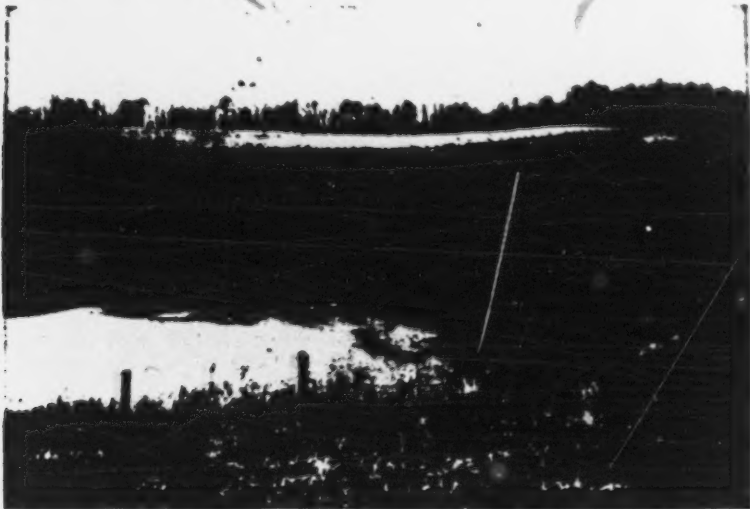


## COMPLAINANTS' EXHIBIT No. 188



ONE OF THE SMALL HOMES AT NORRIS, TENN.

The bunkhouses for single workers are on the edge of the town. These are permanent structures and may be used in the development of small industries to provide employment for residents of Norris after the dam is completed.



BADLY ERODED LAND NEAR NORRIS DAM.

• • •

For further information concerning the program of the Tennessee Valley Authority write: Department of Information, Tennessee Valley Authority, New Sprinkle Building, Knoxville, Tenn.

2533-G

COMPLAINANTS' EXHIBIT No. 189 (Excluded)  
Booklet entitled "TVA Electricity Rates—A Statement  
of Facts".

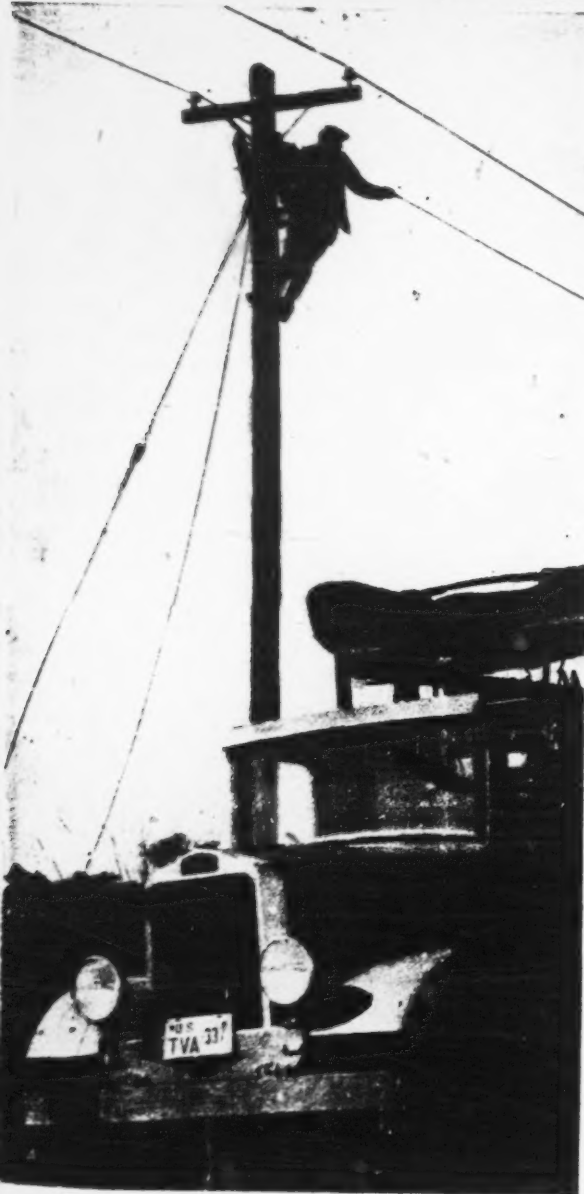
(Original Exhibit)

# **TVA ELECTRICITY RATES**

**A STATEMENT  
OF FACTS**

189

COMPLAINANTS' EXHIBIT



2533-H

RURAL LINE CONSTRUCTION

## COMPLAINANTS' EXHIBIT No. 189 (Excluded)

**WHAT TVA RATES MEAN IN HOME USE**

While electric rate schedules are often complicated and confusing to the average user of electricity, the bill received at the end of each month's service is a simple and understandable statement of the cost of this service. Here are some typical examples of what average households pay for electricity in municipalities which purchase TVA power at wholesale:

1. In a home where electricity is used for lighting and a few small appliances only, the consumption would be from 30 to 50 kilowatt-hours. Under basic TVA rates this is 90 cents to \$1.50 for the month.

2. If, in addition to lighting and a few small appliances, is added an electric refrigerator, the consumption would be about 90 kilowatt-hours. This is \$2.30 for the month.

3. If an electric range is added to the refrigerator, lighting and small appliances, the consumption would be about 255 kilowatt-hours. This is \$5.08.

4. With the addition of continuous hot-water service by an automatic electric water heater, the consumption would be about 555 kilowatt-hours. Under TVA rates this would be \$7.12 for the month.

***The Basic Rates for Residential and Farm Use in TVA Contracts***

***3 cents per kilowatt-hour for the first 50 kilowatt-hours per month.***

***2 cents per kilowatt-hour for the next 150 kilowatt-hours per month.***

***1 cent per kilowatt-hour for the next 200 kilowatt-hours per month.***

***4 mills per kilowatt-hour for the next 1,000 kilowatt-hours per month.***

***7½ mills per kilowatt-hour for all over 1,400 kilowatt-hours per month.***

COMPLAINANTS' EXHIBIT No. 189 (Excluded)

# A STATEMENT OF FACTS CONCERNING THE TVA ELECTRICITY RATES

[Reprinted from the Congressional Record]

The Tennessee Valley Authority announced the wholesale and retail rates at which it would dispose of surplus power from Wilson Dam, in September 1933. These rates were set up on the principle that consumers of electricity must pay all the costs of furnishing that electricity without any contribution from taxpayers. It is these rates which have been described as a "yardstick" with which to measure and compare the rates charged by private utilities.

## THE COST OF GENERATING ELECTRICITY IS SMALL

The cost of furnishing electricity to citizens may be divided, for the purpose of such comparisons, into two parts—namely, (1) the cost of generating and transmitting the power to the city-gate, (2) the cost of distributing the electricity within the city to the consumer. With the first item of cost there appears to be only small differences between the rates charged by private utilities and by the TVA.

The Mississippi Power Company has contracted to furnish the municipal plant at West Point, Miss., wholesale power at a flat rate of 7 mills per kilowatt-hour.

The Alabama Power Company sells power at wholesale to Birmingham Electric Company at the city-gate for as low as 5.8 mills per kilowatt-hour.

TVA rates for similar service average

approximately 6 mills per kilowatt-hour.

## THE LEGITIMATE COST OF ELECTRICITY IN THE HOME

From this it would appear that the differences in cost of generation and transmission of electricity is not very great, even with the further reduction in generating costs which TVA will be able to make when an integrated development of the river has been accomplished. But this portion of the yardstick is only a small fraction of the cost of electricity to citizens. The average rate paid by residential consumers in the United States is 5.2 cents per kilowatt-hour. On the basis of delivering power at a city's gate at six-tenths of a cent per kilowatt-hour and distributing it to the consumer at an average of 5.2 cents per kilowatt-hour, it is evident that the cost of generation and transmissions of electricity by private utilities accounts for less than one-eighth of the cost to the consumer. More than seven-eighths of the yardstick involves the distribution of the power from the city's gates to the residential consumer. The cost of the generation and transmission of electricity is by far the smallest factor of cost—the yardstick has its chief importance in disclosing the legitimate cost of bringing the electricity from the city-gate into the consumer's home. And here the figures are startling.

## COMPLAINANTS' EXHIBIT No. 189 (Excluded)

**TVA CITIES  
SERVE CON-  
SUMERS AT  
ONE-HALF—  
MAKE LARGE  
PROFITS**

Residential consumers being served by municipalities distributing TVA electricity pay an average of approximately 2.2 cents a kilowatt-hour—less than one-half the national average charged by private utilities. How have these municipalities fared in buying TVA power at about 6 mills and reselling it at yardstick rates which reduce the cost of electricity to their citizens from 40 to 60 percent? They have been able to meet all the costs of operation, taxes, amortization, depreciation, interest on investment, in fact every legitimate charge faced by a private utility and still return from 20 to 25 percent of all gross revenue to surplus. This has been true of all municipalities distributing TVA power. As an example we may take Tupelo, Miss. At the end of the first year of operation this city\* had met all charges including a large tax payment and still was able to show a profit of \$24,875, or almost 20 percent net profit on the investment in property and plant. In Alcorn County, Miss., including the city of Corinth, where TVA power is retailed by a nonprofit county-wide cooperative association, a surplus, after all charges, is accumulating at a rate that will permit this association to retire the entire cost of its original distributing facilities within a period of less than 4 years.

**NO "WATER"  
IN VALUATION  
OF TVA  
PLANTS**

Municipalities and associations distributing TVA power must agree by contract to set aside, among other items, a sum to cover

local, State, and county taxes; and carry their plants on their books at actual values. The significance of this latter provision in the yardstick becomes apparent when it is recalled the Federal Trade Commission reported to the United States Senate on February 5, 1935, that as a result of its 6-year investigation in the public utilities field it had found write-ups amounting to one billion four hundred million dollars in top-holding, subholding, and operating companies.

So, by comparison with wholesale rates of private utilities it appears that the TVA wholesale rate is not too low, and by actual experience in cities reselling this power at TVA retail rates the yardstick is found to be a full 36 inches in length.

*In the face of these results special interests which seek to thwart TVA's program and prevent the American public from learning the true cost of furnishing electric service have sought to becloud the issue with arguments concerning the generation of power at Wilson Dam. The cost of generating electricity, as is well known, accounts for a very small fraction of the total price charged residential consumers. The allegation is made that private utilities could sell electricity to consumers as cheaply, if not cheaper, than TVA if they were granted the same "subsidies" and "privileges" that TVA enjoys. Let us examine some of these charges.*

**THE ACTUAL  
VALUE OF  
WILSON DAM**

Spokesmen for utility interests have said that the cost of Wilson Dam (TVA's present source of electricity) was \$60,000,000 and that TVA has written this down to \$19,000,000.

Wilson Dam at Muscle Shoals was begun during the World War as a

\* Statement of income and expense of Tupelo electricity department on page 7.

## COMPLAINANTS' EXHIBIT No. 189 (Excluded)

war measure. Twelve separate appropriations were made before the work was finished, which was not until 1925. Several major interruptions of construction with attendant disbanding of personnel occurred. Engineers have estimated that at least \$10,000,000 could have been saved had the construction been carried out as a single operation.

The historical cost of Wilson Dam is a little under \$47,000,000, not \$60,000,000. Eliminating the waste which occurred in construction and allowing a fair amount for depreciation since date of completion, the present worth of the dam is \$33,000,000.

To apportion the value of Wilson Dam among navigation, national defense, and power, the Authority first set aside those parts of the structure which are of exclusive use to one or another purpose: the locks to navigation, the power house to power, certain buildings and roads (not otherwise useful) to national defense. The remainder (chiefly the long spillway section in the middle) was divided between navigation and power.

The result was to allocate approximately \$10,000,000 to navigation, \$22,000,000 to power, and \$1,500,000 to national defense. These figures are tentative as the study of costs ordered by Congress is not yet completed. All private bids for the plant have been far below this valuation.

Allocation of cost of dams on the Tennessee River to navigation, flood control, national defense, and power, provided for by law, is not an advantage claimed by TVA, but is a definite national policy which has been made available to private utilities. The Congress in 1930, under a

previous administration, authorized that \$75,000,000, estimated as the cost of low dams for providing a 9-foot navigation channel on the Tennessee River to Knoxville, should be contributed to States, municipalities, or private corporations if they constructed high dams (such as the TVA is doing). In another Rivers and Harbors Act of Congress a very large contribution—some \$12,000,000 of Government funds—was provided to be paid to a private utility planning a high dam at Aurora Landing on the Tennessee River. This was a national appropriation to a private agency made because the power dam it proposed to construct would aid navigation to the extent of this sum.

*The simple fact, then, is that, as required by law, the Tennessee Valley Authority has placed the value of Wilson Dam for power purposes at its actual "present value."*

#### **TVA SETS ASIDE FUNDS COVERING TAXES**

The TVA act requires that 5 percent of gross sales of power be paid to the State where TVA power is generated as a compensation for loss of tax revenue. This figure was set up by Congress, subject to change should it prove, in practice, either too high or too low.

To keep the "yardstick" absolutely fair, however, the TVA sets aside an additional 7½ percent of its gross revenue making a total of 12½ percent from the generation and transmission of power in lieu of taxes. For utility operations in the United States as a whole, the taxes amounted to 12.7 percent of gross revenue in 1933, when the TVA rates were established. The taxes paid by the four utilities operating in the Tennessee Valley region



## COMPLAINANTS' EXHIBIT No. 189 (Excluded)

averaged 11.8 percent of gross revenue at that time.

This 12.5 percent which TVA carries is on generation and transmission. The taxes on properties used for distribution of TVA power are borne, as stated previously, by municipal distribution systems.

*TVA figures its tax equivalent upon the basis of percent of gross revenue in order to establish comparison with the various tax systems in use throughout the country. No matter whether taxes are levied against income, property valuation, or volume of business, they can all be reduced to the common denominator of a percentage of gross revenue. The percentage of income TVA set up as an equivalent of taxes paid conformed to the national average for utilities when the rates were fixed and was higher than the average at that time of the four companies operating in the TVA region.*

**TVA INTEREST  
RATES IN LINE  
WITH THOSE  
OF PRIVATE  
UTILITIES**

In computing electric rates, TVA figures an interest rate of 3½ percent on its investment. This is higher than the actual cost of money to the Government, including fiscal expense of the Treasury, and it is not out of line with the rates at which some private utilities are now carrying out refunding operations. Whatever slight advantage accrues to TVA on interest rates is more than offset by the costs of services of a public character which TVA is glad to assume and which are not assumed by private corporations.

Among these may be considered wage rates for both skilled and unskilled labor. These average from 50 to 75 percent higher than those paid by public utilities on similar construction in this area. Likewise,

in areas where TVA has purchased electric systems from private utilities, the employees were found to be receiving wages from 10 to 30 percent below those which TVA pays for similar work.

*Some of the other advantages ascribed to TVA by special interests are pure fiction. The TVA does not use its franking privilege in sending out electricity bills; TVA does not purchase materials unless the seller agrees to comply with the NRA code; it pays all other governmental departments for services rendered, and foots the bill of defending litigation brought by public utilities and others, which has held up the sale of surplus power from Wilson Dam and delayed the time when TVA can begin paying back to the Government the costs of Wilson Dam and thus salvage a war-time investment.*

**ONE ADVAN-  
TAGE SAVES  
A DIME IN A  
LIFETIME**

Seeking to obscure the real issues, special interests have made much ado over the fact that the Tennessee

Valley Authority receives a reduction in freight rates on some of its hauling. Land-grant railroads in consideration of the land originally given them, grant a 33½ percent reduction on all Government hauling. The TVA receives this reduction on that part of the equipment and materials used in dam construction, which travels over land-grant railroads.

Of the total cost of a dam, however, the freight charges play so small a part that a one-third reduction amounts to three ten-thousandths of a cent per kilowatt-hour of power generated. This means a saving of 1 cent for every 3,300 kilowatt-hours used, or, turning this around, the average residential consumer saves 1 cent every 5½ years as a result of reduced freight rates granted TVA.

## COMPLAINANTS' EXHIBIT No. 189 (Excluded)

He would have to pay power bills for more than 50 years to net himself a dime.

# **WHY TVA ELECTRIC RATES ARE LOW**

The TVA in its electric operations submits to all legitimate charges to which a private utility would be subjected. Its success in making available cheap electricity lies in the cost assumed

by some private utilities which TVA does not pay. A few of these may be mentioned: The attempt to pay dividends on the \$1,400,000,000 of write-ups exposed by the Federal Trade Commission; expensive campaigns to influence legislation; excessive fees to affiliated engineering and management companies, as well as the tremendous salaries paid to officers of both the holding companies and the operating companies.

## **CITY OF TUPELO, MISSISSIPPI**

### **ELECTRICITY DEPARTMENT**

#### **Statement of Income and Expense**

(For 12 months ending January 31, 1935)

(First Year of Operation With TVA Power)

	Amount	Percent of Gross Operating Revenue	Per Kw.-hr. Sold
Gross operating revenue.....	\$88,295.04	100.00	1.55
Operating expenses:			
Cost of power purchased.....	36,449.01	41.28	0.64
Distribution—Operation.....	3,796.16	4.30	0.07
Maintenance.....	980.53	1.11	0.02
Commercial and new business.....	1,114.37	1.25	0.02
Utilisation.....	569.77	.65	0.01
General.....	2,052.64	2.33	0.03
Total operating expenses.....	44,962.48	50.92	0.79
Taxes.....	6,657.32	7.54	0.12
Depreciation.....	5,227.21	5.92	0.09
Uncollectible accounts.....	69.89	.08	—
Total.....	56,916.90	64.46	1.00
Net operating revenue.....	31,378.14	35.54	0.55
Nonoperating revenue:			
Miscellaneous.....	647.80	.73	0.01
Gross income.....	32,025.94	36.27	0.56
Deductions from gross income:			
Interest.....	2,580.56	2.92	0.04
Return on city's investment.....	4,570.54	5.18	0.08
Net income.....	24,874.84	28.17	0.44
Appropriations to long term debt:			
Retirement reserve.....	3,173.96	3.59	0.06
Balance to surplus.....	\$21,700.88	24.58	0.38

## COMPLAINANTS' EXHIBIT No. 189 (Excluded)

**RURAL ELECTRIFICATION**

One of the most important phases of the TVA electricity program is in the field of rural electrification. As an example of what is being done, the history of the Alcorn County Electric Power Association is briefly related.

Alcorn County, in northeastern Mississippi, set up a county-wide cooperative power distribution system in June 1934. The step followed the purchase by TVA of the distribution facilities of the Mississippi Power Company in nine counties in the northeastern corner of the State.

The significant contribution of Alcorn County's cooperative is its policy of supplying power to farmers at rates identical with those charged the urban residents of the county. Standard TVA retail rates are charged: 3 cents per kilowatt-hour for the first 50 kilowatt-hours, 2 cents for the next 150 kilowatt-hours, 1 cent for the next 200 kilowatt-hours, 4 mills for the next 1,000 kilowatt-hours, and 7½ mills for excess over 1,400 kilowatt-hours used per month. Commercial rates work out at proportionately the same percentage of reduction from the former charge.

In addition to these rates, members of the cooperative pay a surcharge which is intended to amortize the cost of the system in from 8 to 10 years. The surcharge takes the form of a membership fee of \$100 which may be paid either as \$80 in cash or as \$10 down and 1 cent per kilowatt-hour consumed, up to a maximum of \$1

per customer per month. These membership payments are turned over to the Tennessee Valley Authority until the system is paid for.

Under the present rates a surplus fund will be built up. After the system has been paid for the surplus can be used to reduce rates still further and to pay back the original membership fees. Present indications are that Alcorn will have its present system paid for in 4 years. The Association pays all city, county, and State taxes which a private corporation would have to pay.

With rates down approximately 50 percent, residential consumption in Alcorn County climbed from an average of 49.4 kilowatt-hours per month to 83.3 kilowatt-hours in the first 6 months. The consumption is still climbing.

*Alcorn County's Power Association is blazing a trail in the movement for rural electrification through its recognition of the townman's interest in the promotion of power consumption throughout the trading area. By sharing the cost of electrification with the farmer, the city dweller makes it possible for his country neighbor (and customer) to use electricity in quantities sufficient to raise his standard of living. The philosophy behind this is, of course, exactly parallel to that behind the apportionment of the cost of county roads, or, on a still larger scale, to the philosophy behind rural fire delivery.*

If you desire information concerning any of the phases of the TVA program write to

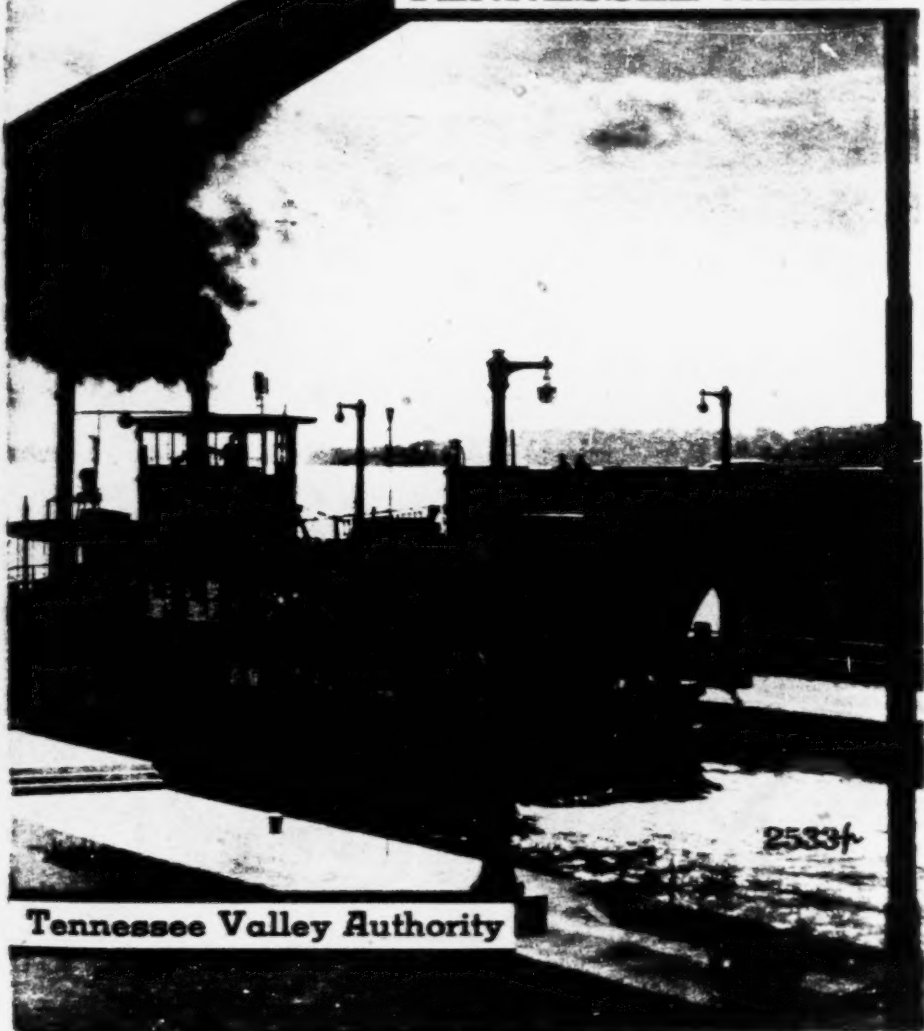
**Information Division  
Tennessee Valley Authority  
Knoxville, Tenn.**

COMPLAINANTS' EXHIBIT No. 190 (Excluded)  
Booklet entitled "Development of the Tennessee Valley."  
(Original Exhibit)

Development of the

COMPLAINANTS' EXHIBIT No. 190

TENNESSEE VALLEY



25334

Tennessee Valley Authority

COMPLAINANTS' EXHIBIT No. 190 (Excluded)



Transmission line cross-over tower on the Tennessee River—at Wilson Dam

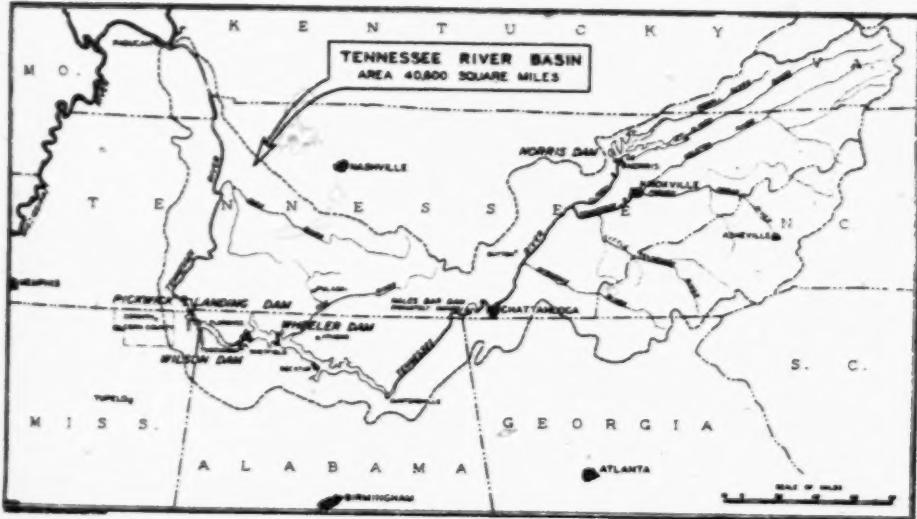
2533-Q

COMPLAINANTS' EXHIBIT No. 190 (Excluded)

## Development of the **TENNESSEE VALLEY**

● Uncontrolled, running water means floods, destruction of the soil, loss of human life. Controlled, running water means security, comfort, convenience.

Congress set up the Tennessee Valley Authority as a part of the national conservation program, for the purpose of encouraging the full and well de-



Within the dotted line: The drainage area of the Tennessee River; all tributary streams included

When the flow of a river is disciplined by human ingenuity to conform to human needs, running water is a friend of Man and not a foe. Men have studied and worked with running water until they know how to apply the controls.

signed development of the physical and human resources of the Tennessee River region, and as a major part of that purpose, to apply these controls to the water of the region—to eliminate floods, to aid navigation, to turn the energy contained in running water into light and work through turbines,



## COMPLAINANTS' EXHIBIT No. 190 (Excluded)

electric generators and motors, and to further all those things which are part of such a plan of development.

The Tennessee Valley includes parts of seven states: Virginia, North Carolina, Tennessee, Georgia, Alabama, Mississippi, and Kentucky. It has an area of 40,600 square miles. More than 2,000,000 people live in the Val-

ley. There is a wide diversity of soils, minerals, and climate. Large scale industry is relatively scarce. The Valley already holds an important national investment; Wilson Dam and powerhouse at Muscle Shoals and the two nitrate plants, built as war-time emergency measures but left virtually idle until the creation of the TVA.

## Topsoil leaves the land

● Through this Valley flows the Tennessee, a broad stream marked by sudden floods as rains fall upon the Appalachians where it takes its rise. The river can be of great use to inland water transportation. Properly controlled, the Tennessee will constitute one of the greatest inland waterway systems of the world. The water of this river usually is brown in color because it carries away millions upon millions of tons of fertile topsoil, washed off the steep, plowed hillsides from the rolling lands through which the river flows. This soil washing robs the land of fertility and fills river channels, obstructing navigation. Every foot of the more than 500 feet the river drops between Knoxville, Tennessee, the beginning of

the Tennessee proper, and Paducah, Kentucky, where it flows into the Ohio, represents energy flowing to waste.

Problems presented by the Tennessee River region, the diversity which makes the area in many respects representative of the whole country, and the existence of an idle national investment at Muscle Shoals, were among the considerations which led President Roosevelt to ask Congress to create the Tennessee Valley Authority, — in May, 1933. The President wanted a number of test demonstrations which would be of service to the nation.

To the Board of Directors he named Arthur E. Morgan, engineer and educa-

## COMPLAINANTS' EXHIBIT No. 190 (Excluded)

tor, as chairman, and Dr. Harcourt A. Morgan, agriculturist and former President of the University of Tennessee, and David E. Lilienthal, lawyer and Public Service Commissioner of Wisconsin, as directors. At the present time more than 15,000 men and women are employed by the TVA in carrying out the instructions of Congress. In the following pages the outstanding phases of the work will be described briefly.



Eroded soil is valueless in agriculture

Next is the control of the water resources. A system of storage dams can be built across the major tributaries of the Tennessee to arrest the sudden runoff following heavy rains and to diminish floods. Norris Dam on the Clinch River 26 miles northwest of Knoxville, Tennessee, will be completed in 1936. Similar dams are planned to check the downward rush of destructive rain water on other important arms of the Tennessee. Huge reservoirs will hold and regulate

the excess water, preventing those sudden rises in the level of the main river and the resulting loss of life and property.

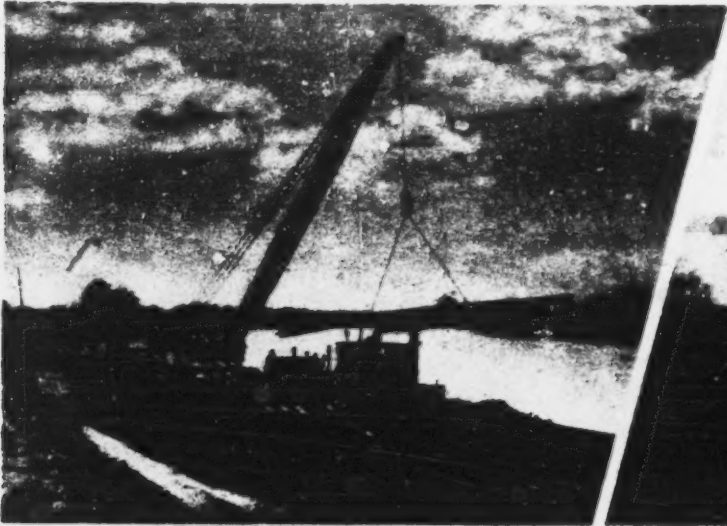


Erosion blocks river channels—fills reservoirs

First is the effort to develop a clear picture of the resources and needs of the region, and the development of plans and methods by which the region may be guided to an orderly and effective growth. Adequate deposits of minerals and coal may be found. Potentially valuable timber and farmland are here. The task now is to translate these resources into well-being for all the people.



Terracing and pastures prevent erosion



Deeper river channels—one of the services of TVA dams

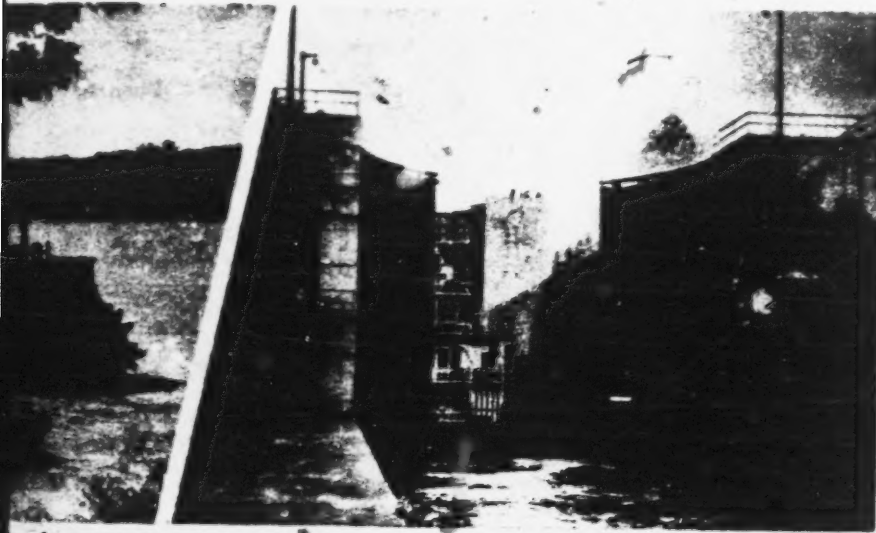
The Tennessee River

## Aid to navigation

● During the dry months the stored water will be released. It will serve a double purpose. Let down gradually, it will aid in retaining the water at a constant depth along the Tennessee, thus aiding navigation, and it will raise the amount of dependable power generated at run-of-river plants. Dams such as Wilson at Muscle Shoals, Wheeler now under construction at the head of Wilson Lake, 15½ miles above the Shoals, and Pickwick Landing Dam near Shiloh Battlefield have very little

storage capacity. They are virtually steps over which the river pours on its way to the Ohio. Only by comprehensive upstream regulation can river flow (for navigation) and the power capacity of the downstream dams be kept approximately uniform.

Thus an integrated system of dams converts destructive running water into a willing servant. Controls applied at key points serve a triple purpose: Flood control, navigation, and the capture of



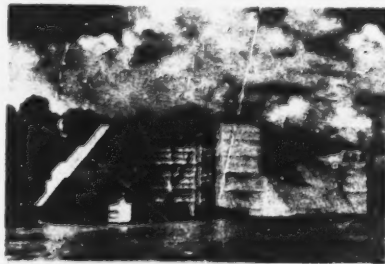
For shipping in the Tennessee Valley: Double-lift locks at Wilson Dam

otherwise wasted energy.

But the subduing of running water extends far beyond the erection of massive concrete barriers. Rain upon denuded hillsides carries away millions of tons of fertile topsoil. The silt will not settle until the flow of the river ceases. For instance, behind a dam. Then it falls to the bottom. Eventually the reservoir basin would fill with silt, becoming virtually useless as a storage basin.

To prevent this, the fight against destructive running water must be car-

ried back another step. Eroded hillsides are the result of stripping the hills of their natural forest cover and ploughing the slopes for corn or similar crop. They must be restored to their original stability. A new forest cover or grasses



New navigation lock at Wheeler Dam

## COMPLAINANTS' EXHIBIT No. 190 (Excluded)

with a tangle of roots to hold the soil causes the rain to sink in, bringing strength to the vegetation and insuring that the rain will finally reach the streams almost clear and free from silt.

The Tennessee Valley Authority, in cooperation with the several states, is engaged in a broad program of erosion control and reforestation. Here, too, activity serves more than one end. Erosion control not only saves reservoirs and does its part in checking flood damage; it aids farmers in escaping from the one-crop system by creating hillside pastures where corn grew before. Livestock can be grazed on the pastures. An increase in southern

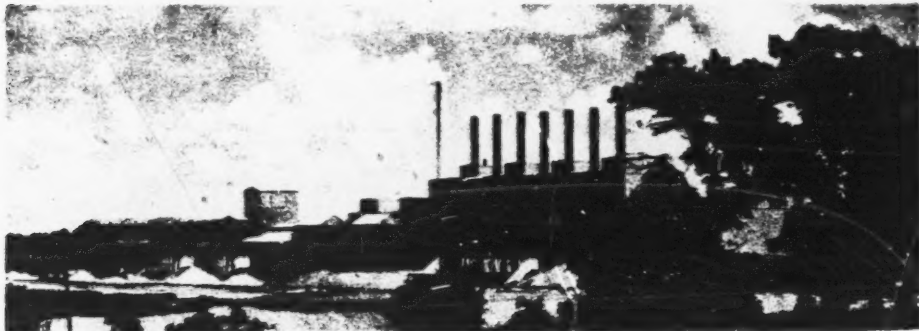
herds means a better agricultural practice, a better diet and less pellagra and tuberculosis. Milk and green vegetables are the enemies of such diseases.

When new forests are set out to combat erosion, tree crops come into being. These call for care and for harvesting and that means steady employment for some of those who have found it hard to scratch a living from the steep mountain slopes. Tree crops, of course, include not only nuts and fruits but the trees themselves as lumber. Up-to-date lumbering methods improve a stand of timber and insure a continually renewed supply. TVA foresters already have planted over 3,000,000 young trees

## Plant food essential

● Much of the steepest land should be reforested. However, there are large

areas, now being destroyed by erosion, which if planted to grass crops, can be



TVA demonstration plant for phosphate fertilizers at Wilson Dam

## COMPLAINANTS' EXHIBIT No. 190 (Excluded)

saved for agriculture, especially for dairy products to be used at home.

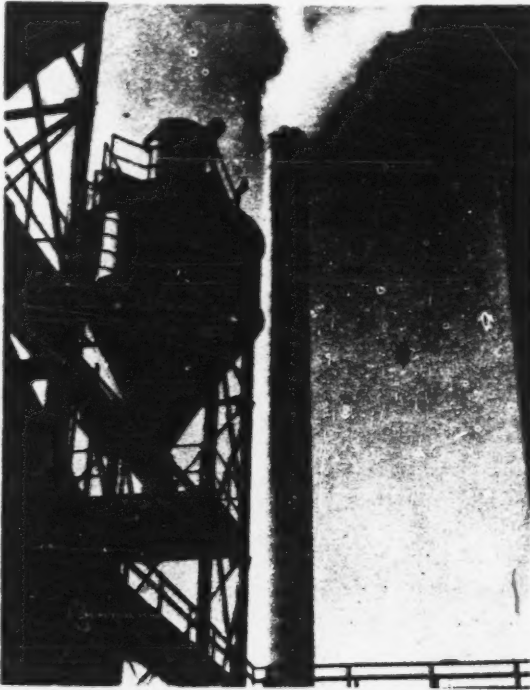
But if vegetation is to grow again on the stripped hillsides, plant food must be supplied. Much of the soil is too far gone to support grass crops without plant food. Commercial plant food has been too expensive for many farmers. Therefore the Tennessee Valley Authority has undertaken experiments and demonstrations looking toward more economical methods of production and distribution of fertilizers, particularly that all-important element—phosphate.

At Nitrate Plant No. 2 at Muscle Shoals a demonstration unit has been built to produce triple super-phosphate from the raw phosphate rock found in central Tennessee. The Tennessee Valley

Authority Act states that the national defense aspects of the Muscle Shoals plants must be kept in stand-by condition. This is being done. But wherever possible the equipment is being used to further the peace-time needs of the

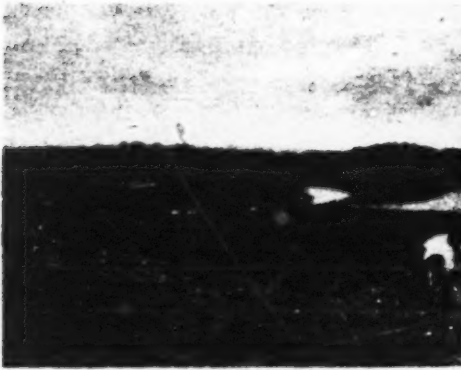
lands of the nation. Electric power is used extensively in the new process for producing super-phosphate, thus completing a circle of cause and effect. For electric power means dams and dams mean reservoirs, and reservoirs, if they are to remain deep and effective, mean erosion control and

erosion control means plant foods, particularly phosphates which are produced with electric power. A higher level of living for everyone concerned can result from this process. The aim is to show the way to newer and more economical methods in the expectation that the savings made will be passed on to farmers.

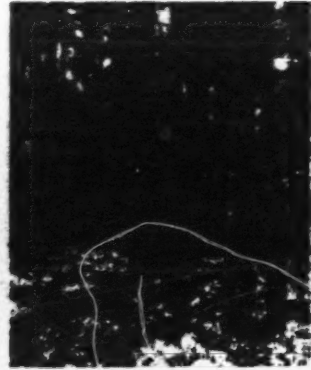


Making richer pastures: TVA phosphate plant





Pastures prevent erosion—support diversified farming



Forests save the steeper slopes

The foreground is

## Extensive land utilization studies

● Introduction of erosion control with its pastures and forests has an immediate effect upon the farming practice of the area. A farmer's failure to conserve his land for future generations is not always due to ignorance. He has not been able to finance the swing from one standard, land-destroying crop to improved methods of rotation and balance.

To make it possible for farmers to help themselves the Authority has undertaken extensive studies of land utilization and is investigating plans to bring agriculture and industry into harmony. The studies have shown that

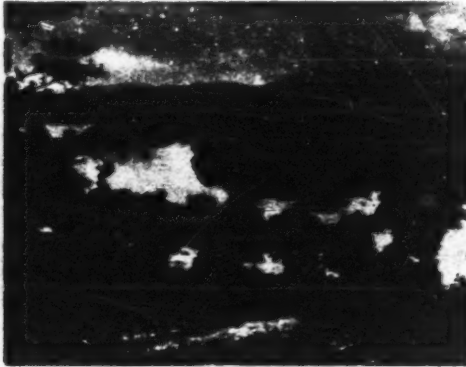
much land of a marginal and sub-marginal nature is in cultivation, but they have revealed more than that. These studies have made it clear that large numbers of small farmers, struggling along on an annual cash income per family of \$100 or less, are not kept busy on their land more than six months of the year. It also has been discovered that large numbers of industrial workers are faced with an annual lay-off during slack seasons. The lay-offs often amount to half a year.

Coordination of industry and agriculture seeks to combine farming and industrial work in such a way that idle industrial workers may use their spare

## COMPLAINANTS' EXHIBIT No. 190 (Excluded)



Electric power for industry



The Tennessee River controls prosperity in the Tennessee Valley

time to raise food while the surplus time of farmers may be used to earn some extra cash either in factories or by making some simple articles easily sold. This is no theoretical program. The remarkably thriving city of Kingsport, Tennessee, is largely built on such co-operation. A large part of the inhabitants for twenty miles around spend part of their time in the industries of Kingsport. Other communities are developing in the same way. Rural electrification is an important factor in this program. The effect of such a balancing up of two hard-pressed groups is to raise the income of both to levels where the total purchasing power of this region is



increased. An increased purchasing power in the South means not only a higher standard of living for many but a wider market for northern and eastern industries. It also enables farmers effectively to cooperate with each other, with the TVA, and with the States in restoring the land to its original fruitfulness. Restored land means control of running water that it in turn may aid man instead of hindering him in his struggle toward a more abundant life. The above are among the major activities of the Tennessee Valley Authority. While they do not cover all fields in which the Authority is at work they do suggest the scope of the program.

## Norris Dam

● Located on the Clinch River, 26 miles northwest of Knoxville, Tennessee, and 80 miles above the junction of the Clinch with the Tennessee, Norris Dam will be 1,800 feet long and 265 feet high from the base to the crest of the roadway across the top. The base will be 210 feet thick. One million cubic yards of concrete will be required. The reservoir created by Norris Dam will have a surface area of 83 square miles and a shore line of over 800 miles. It will hold 3,600,000 acre feet of water. Approximately 2,000 men are employed on the job, divided into four 5½ hour shifts, with the remaining two hours of the day devoted to maintenance and repair work. A further 1,000 men are engaged in clearing the reservoir area of trees and other obstructions.

The dam was formerly known as Cove Creek Dam but was renamed in honor of Senator George W. Norris. Work started in November 1933. It will be finished in 1936. The cost is estimated at \$36,000,000, including two 66,000 horsepower electric generator units.

## Wheeler Dam

● Named after General Joe Wheeler, a Confederate hero and a commander

of U. S. troops during the Spanish-American War, Wheeler Dam is on the Tennessee River at the head of Wilson Lake 15½ miles above Muscle Shoals, Alabama. It will be more than a mile long, 70 feet from base to crest, and 50 feet thick at the base. Over 600,000 cubic yards of concrete will go into the structure. Locks have been constructed by the U. S. Army Engineers on the north bank of the river, giving access to the future Wheeler Lake which will extend navigation 88 miles upstream to near Guntersville, Alabama. Approximately 1,700 men are employed at Wheeler on the same 5½ hour shifts used at Norris. An additional 3,500 men are engaged in reservoir clearance. Wheeler Dam was authorized in November 1933. It will be finished in 1936. The initial power installation will be a single 47,000 horsepower generator with space available for seven more.



Above: Norris Dam as it looks today, two-thirds complete. Norris Dam is primarily a storage dam—to hold back floods and feed downstream dams in times of low water. On the right: The beginnings of Pickwick Dam, on the lower Tennessee.



COMPLAINANTS' EXHIBIT No. 190 (Excluded)

## Wilson Dam

● Begun during the World War and left virtually idle until the establishment of the TVA, Wilson Dam is nearly a mile long, 107 feet high and 101 feet thick at the base. It has fifty-eight 38-foot spillways each capable of passing 10,000 cubic feet of water per second. The power plant consists of nine generators with a total capacity of 261,500 horsepower and space available for additional equipment to bring the total up to 613,000 horsepower. It is the source of TVA electricity today.

## Pickwick Dam

● Eight miles upstream from Shiloh Battlefield, Tennessee, and 53 miles below Wilson Dam, is the site of Pickwick Landing Dam. Its construction was authorized on November 21, 1934,

as the next link in the chain. It will be almost a mile and a half long (7,710 feet) and 103 feet high and will have a navigation lock 600 feet long by 110 feet wide with a lift of 61 feet, greatest single lift in the world. The waters above the dam will back up to the foot of Wilson Dam which means that when Norris, Wheeler, and Pickwick are in operation there will be a 7-foot navigation channel from the mouth of the Tennessee at Paducah, Kentucky, to Pickwick Landing and a 9-foot channel from there to Gunter'sville, Alabama, a total distance of 358 miles. The dam will also aid in reducing the crest of flood waters.

While no power facilities will be installed at first, the dam will be constructed with intake pipes permitting the addition of a power house later. The dam, without power house, will cost \$24,000,000 and will consist of two earth fill sections and a central concrete section 2,025 feet long, equipped with a 1,301 foot spillway section and 26 roller type gates, 40 feet wide by 34 feet high. It is expected to be completed in 1937.

## Town of Norris

● Four miles from Norris Dam the Authority built the permanent town of Norris. The town serves as a construction camp and incidentally as a contribution to America's housing problems. Three hundred individual homes renting from \$14.50 to \$45.00 per month, 10 duplex dwellings and six 5-family



Above is Wheeler Dam as it looks today. Wheeler Dam is located on the Tennessee River 15½ miles above Muscle Shoals. When completed in 1936 Wheeler Dam will aid in river transport and power production.

## COMPLAINANTS' EXHIBIT No. 190 (Excluded)

apartment houses at \$12 per month comprise the town. The houses are of brick, stone, cinder concrete blocks, and wood. There is one of steel. About half the houses are fully electrified even to heating, and all have current. There is a school building, a general store, a cafeteria, a community house, a 3000-acre park and forest, a belt of farm land where residents may maintain gardens, and utilities such as water supply and sewer system. In the well-equipped shops the workers may secure vocational training. About three-quarters of the force has signed up for one or more courses.

### Nitrate Plants

● At Muscle Shoals the two huge nitrate plants, built as war-time emergency measures, have been turned over to the Authority. Plant No. 1 is now obsolete but No. 2, employing the cyanamide process, is kept in stand-by condition for national defense and extended, in accordance with a provision of the TVA Act, for experiments and demonstrations in the development of better and cheaper fertilizers. At present the work is chiefly concerned with phosphates, but experiments are also carried on with combinations of the other plant foods; nitrogen, potash and lime.

### Power policy

● In accordance with the provisions of the Act, the TVA is making available the surplus electricity, in excess of the

government's needs. The power serves as a "yardstick" to determine the relative cost of publicly and privately generated power, and as a measure of the reasonableness of existing rates. TVA rates include every item of direct and overhead cost such as taxes, interest, depreciation and retirement of investment. In the sale of TVA power the law gives priority to states, counties, municipalities, cooperatives and other non-profit organizations. Corporations, partnerships, and individuals may be served after the needs of these public agencies have been met. Power may also be sold directly to private agencies.

**TVA base rates for residential and farm use are:**

- 3 Cents per kilowatt hour for the first 50 kilowatt hours per month.
- 2 Cents per kilowatt hour for the next 150 kilowatt hours per month.
- 1 Cent per kilowatt hour for the next 200 kilowatt hours per month.
- 4 Mills per kilowatt hour for the next 1000 kilowatt hours per month.
- 7½ Mills per kilowatt hour for all over 1400 kilowatt hours per month.



Homes for workers on Norris Dam

Nitrate plants aid national defense



## COMPLAINANTS' EXHIBIT No. 190 (Excluded)

Translated into monthly bills, the average home with lights and one or two small appliances such as a radio or a toaster uses 50 kilowatt hours or less per month which would mean \$1.50 under TVA rates. A home using electric refrigeration would find its

consumption running over into the second category—the 2<sup>nd</sup> block (for refrigerators the average use is about 50 kilowatt hours per month) while the use of an electric range (90 to 125 kilowatt hours per month) puts most meter readings into the third group. With a water heater (200-300 kilowatt hours

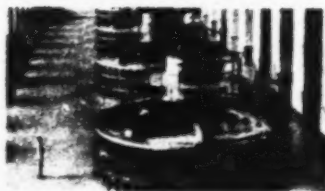
per month) in addition to those other items a householder usually finds himself in the fourth group with his bill running around \$7.00.

It has already been demonstrated that such low rates stimulate consump-

tion. For example, in Tupelo, Mississippi, the use of power increased 132 per cent in less than a year after TVA rates were introduced. Before TVA power was available the average residential rate was 7½ cents, now it is 2.1 cents. Another significant result of TVA rates is shown in Athens, Alabama, where use at low rates has increased so greatly that even at these low rates the revenue from the sale of power regained its former volume in 7 months. The residential rate had dropped from 5½ cents to 2.1 cents while the commercial rate decreased from 5.1 cents to 2.6 cents.

### Rural electrification

● Electrification of farms in the United States has not yet really begun. Five million farm homes are without electricity. After years and years of effort less than 10 farms out of every 100 have current, and only half of these can be regarded as typical farms. In Mississippi, Alabama, Georgia, and Tennessee less than three per cent were electrified according to the 1930 census. The TVA is cooperating with towns and farmer groups interested in furthering rural electrification by using some of the Authority's surplus power



Power house—Wilson Dam



Electricity for farm families



COMPLAINANTS' EXHIBIT No. 190 (Excluded)



Wilson Dam at Muscle Shoals, Alabama — A Unit in the TVA Program

This pamphlet is necessarily brief. It is intended as an introduction to T V A. For further information on the plans and activities of the Authority write to: Division of Information, Tennessee Valley Authority, New Sprinkle Building, Knoxville, Tennessee.

2533-EE

[fol. 2534] COMPLAINANTS' EXHIBIT No. 191

## Alabama Power Company

Alabama Towns Voting to Acquire Electric Systems  
1933 to 1937

Town or City	1930 Population	Date of Election
Muscle Shoals City*	719	May 29, 1933
Sheffield	6,221	June 5, 1933
Florence	11,729	June 30, 1933
Tuscumbia	4,533	July 10, 1933
Guntersville	2,826	Sept. 4, 1933
Andalusia*	5,154	Sept. 25, 1933
Tarrant City*	7,341	Sept. 12, 1933
Hartselle	2,204	Oct. 10, 1933
Courtland	359	Oct. 17, 1933
Bessemer*	20,721	Oct. 20, 1933
Oneonta	1,387	Oct. 31, 1933
Decatur	15,593	Oct. 31, 1933
Town Creek	427	Dec. 7, 1933
Russellville	3,146	Dec. 11, 1933
Enterprise	3,702	Apr. 10, 1934
Fairfield*	11,059	Sept. 21, 1936
Scottsboro	2,804	July 27, 1937
Albertville	2,716	Sept. 20, 1937

\* These 5 Towns not served directly by Alabama Power Company.

## COMPLAINANTS' EXHIBIT No. 192 (Excluded)

## Alabama Power Company

## Typical Monthly Bills for Electric Service

## T. V. A. Vs. A. P. Co. Rates

Class of Service	Billing Demand Kw.	Monthly Kwh. Minimum	A. P. Co. Bills	T. V. A. Bills	Reduction by T. V. A. Rates	
					Amount	%
Residential*						
Lta. & Small Appl.	.....	15	\$1.00	\$0.75	\$0.25	25.0
"	.....	25	1.00	.75	.25	25.0
"	.....	40	1.20	.75	.45	37.5
"	.....	100	3.50	2.50	1.00	28.6
Appl. & Refrig.	.....	250	6.13	5.00	1.13	18.4
Ref. & Range	.....	500	8.50	6.90	1.60	18.8
Ref. Rng. & W. Htr.	.....	50	\$2.58	\$1.50	\$1.08	41.9
Commercial						
"	.....	75	6.33	4.50	1.83	28.9
"	.....	150	7.08	4.50	2.58	36.4
"	.....	350	13.83	9.50	4.33	31.1
"	.....	375	17.20	10.00	7.20	41.9
"	.....	750	26.95	17.50	9.45	35.1
"	.....	1,500	34.08	17.50	16.58	48.6
"	.....	1,500	53.20	27.50	25.70	48.4
"	.....	1,500	67.83	27.50	40.33	59.6
"	.....	12.0	105.70	40.50	65.20	61.8
hural**						
(Res.) Lta. & Small Appl.	.....	15	\$1.25	\$0.75	\$0.50	40.0
"	.....	40	2.38	1.20	1.18	49.6
"	.....	100	4.45	2.50	1.95	43.8
"	.....	250	7.28	5.00	2.28	31.1
"	.....	500	10.39	6.90	3.49	33.6
"	.....	1,000	27.62	22.50	5.12	18.5
"	.....	2,000	37.97	32.50	5.47	14.4
(Come'l) 2000 W. Lta. & 2 1/2 H. P. Motors	.....	30,000	\$530.50	\$370.00	\$160.50	29.9
"	.....	60,000	762.50	497.00	265.50	34.8
"	.....	300	985.00	650.00	335.00	34.0
"	.....	300	1,377.50	864.00	513.50	37.3
"	.....	500	1,555.00	1,010.00	545.00	35.0
"	.....	500	2,142.50	1,300.00	842.50	39.3
"	.....	1,000	2,880.00	1,810.00	1,070.00	37.2
"	.....	1,000	3,805.00	2,390.00	1,415.00	37.2

[fol. 2536] COMPLAINANTS' EXHIBIT No. 193 (Excluded)

"Contingent Power Contract for Residential Consumers  
—City of Albertsville"

This exhibit is the same as Complainants' Exhibit No. 197  
except that it is unsigned.

(Omitted)

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[fol. 2537] COMPLAINANTS' EXHIBIT No. 194 (Excluded)

(Letterhead of Rockwood Alabama Stone Co., Rockwood  
Alabama)

July 10, 1937.

Alabama Power Company, Birmingham, Alabama.

GENTLEMEN:

We hereby give you notice in accordance with the first paragraph of our contract with you dated November 1st 1934, that we wish to terminate this contract six months from the date of this letter. We shall consider the date of expiration as January 10th, 1938.

We have made application to Tennessee Valley Authority for power at our Aday Quarry, our reason being purely economic.

We wish to take this opportunity to express our appreciation for the service rendered by you, especially the personal attention and efforts of Mr. Woltersdorf who has been most cooperative at all times.

Yours very truly, (Sgd.) J. F. Manning, Jr., President.

[fol. 2538] COMPLAINANTS' EXHIBIT No. 195 (Excluded)  
(Letterhead of Decatur Iron & Steel Co., Decatur, Ala.)

May 3rd, 1937.

Alabama Power Company, Birmingham, Ala.

Mark Reply for Attention of H. B. Davis, Pres.

Subject: In Response Please Quote This Subject: Electric  
Service Contract

GENTLEMEN:

In accordance with the provisions of the first agreement contained in our contract with you, dated May 1st, 1933, we desire you to accept this as formal notice of our intention to terminate this agreement at the expiration of six months from date. In taking this action we feel that you should know that we are prompted by economical reasons solely.

Our relations with your company, extending over a great number of years, have been entirely satisfactory and pleasant. At times you have gone to extremes to serve us and we have had nothing but the best of cooperation from both your Decatur and Huntsville Offices.

We especially want to commend Mr. Pride and Mr. Woltersdorff. They have been helpful to us many many times. In the event that our present plans for any reason do not materialize we shall no doubt withdraw this notice of termination.

Yours very truly, Decatur Iron & Steel Company,  
(Sgd.) H. R. Davis, President.

HRD:ES.

CC—Decatur & Huntsville Offices.

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[fol. 2539] COMPLAINANTS' EXHIBIT No. 196

Power Contract Between TVA and Alcorn County (Mississippi) Electric Power Association, Dated June 30, 1937

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the power contract between TVA and Pontotoc County Electric Power Association (Complainants' Exhibit No. 118) except:

1. The maximum amount of power which TVA shall be obligated to deliver is 5,000 kw. unless notice of increase is given as provided for therein.

## COMPLAINANTS' EXHIBIT No. 196

2. The point of delivery is at the outgoing side of the main switch on the low tension side of the step-down transformers of TVA located at in the City of Corinth, Mississippi, or at such other points as may be mutually agreed upon.

3. It contains the following provisions:

"7. Repayment of Indebtedness.—Association acknowledges its long term obligation to Authority as of the date of this contract to be Ninety-eight Thousand, Seven Hundred Dollars and Eighty-nine Cents (\$98,700.89) with interest thereon at the rate of three and one-half per cent (3½%) per annum payable semi-annually. Association agrees to pay to Authority on account of such long term obligation and any other indebtedness now owing to Authority or hereafter incurred, until such indebtedness shall have been totally repaid,

(a) All membership fees collected by Association, as provided in section 8 of this contract.

(b) The total surplus revenues as defined in section 9 of this contract.

[fol. 2540] All payments due under this agreement shall be made to Authority at its offices at Wilson Dam, Alabama, or at such other place as Authority may from time to time designate. The amount so paid shall be credited to any outstanding accounts of Association in Authority's discretion. Failure to make such payments shall constitute a default under the aforesaid mortgage, and Authority may forthwith at its option declare this contract terminated, and/or exercise all rights and powers granted Authority on the failure of Association to perform its obligations and promises to Authority.

. . . . .

"14. Construction of Additional Facilities.—Authority will construct for Association such additional rural transmission and distribution lines in and adjacent to Alcorn County, Mississippi, as Authority and Association may from time to time agree upon and designate. Said lines will be constructed by Authority for and on behalf of Association as Association's agent. Association agrees to pay Au-



## COMPLAINANTS' EXHIBIT No. 196

thority therefor the actual cost to Authority of constructing such lines, including overheads, with interest on unpaid balances at the rate of three and one-half per cent (3½%) per annum, payable semi-annually. Such obligations shall be considered as a part of the total long term obligation of Association to Authority, and payment shall be secured by the mortgage executed to Authority on even date herewith.

. . . . .

"19. Rescission of Power Contract.—The power contract and the Sale, Lease, Trust, and Security Contract between Authority, Association, and United States of America, then and now acting through its legal agent, Authority, both executed and dated June 1, 1934, are hereby cancelled, annulled, and rescinded, without prejudice, however, to any rights or obligations of the parties hereto or of the United States of America which may have accrued thereunder by reason of any breach thereof by the parties thereto prior to the date hereof. Neither this agreement nor the Quitclaim Deed nor Mortgage mentioned hereinbefore and executed simultaneously herewith shall be deemed to effect in any way certain other agreements between the parties, being a so-called Sale and Assignment Contract among the parties hereto and the Pickwick Electric Membership Corporation, dated April 21, 1936, a so-called Interchange Agreement between the parties, dated April 21, 1936, together with a supplement thereto dated August 26, 1936, and a so-called Emergency Operation Contract between the parties, dated April 1, 1937; but the same shall continue in full force and effect."

(Here follows 1 photolithograph, side folio 2541)

COMPLAINANTS EXHIBIT NO. 197 (EXCLUDED)

~~COMPLAINANT EXHIBIT~~

~~NOT~~

THE STATE OF ALABAMA,  
MASHALL COUNTY.

)  
)

CITY OF ALBERTVILLE

CONTINGENT POWER CONTRACT

for

Residential, Commercial, Industrial, Consumers.

For, and in consideration of, One (\$1.00) Dollar in hand paid by A. B. Hooper, Jr., Mayor of Albertville, Alabama, on behalf of the said City, the receipt whereof is hereby acknowledged, and in further consideration of the opportunity to secure lower electric rates for myself, and for the benefits that will accrue to me as a citizen of said City by reason of the net revenue which will be earned by the City from the municipal operation of its own electrical distribution system, it is hereby agreed as follows:

1. That when, and if, the City of Albertville, Alabama, has electrical energy of the required voltage for sale at the premises of the undersigned, so long as he is a purchaser of electrical energy in the territory served by the City's municipal distribution system, will purchase his entire requirements of electrical energy from the City, for a period of ten (10) years, beginning as soon as the service is available. The said City on its part also agrees to make every reasonable effort to provide the necessary facilities for the sale of electrical energy at the premises of the undersigned purchaser prior to December 1, 1938.

2. It is further agreed that the rates to be charged by the City and paid by the undersigned, shall be the published municipal re-sale rates proposed by the Tennessee Valley Authority for residential, commercial, industrial, consumers.

3. In order that the operation of the municipal electric distribution system may be completely divorced from political control after its construction, the City agrees that upon petition signed by five percent of the total number of qualified electors in said City that an election will be called submitting to a vote of the qualified electors in said City the following questions: "Shall the citizens of said City of Albertville be incorporated by the name of 'The Improvement Authority of Albertville' for the purpose of engaging in the enterprise of furnishing to such City and its inhabitants for public and private uses the following service: electric heat, light or power service, commodities or facilities", and that if at such election a majority of the electors vote in favor of such incorporation a Board of Trustees consisting of three members will then be appointed by the City Council to govern such authority, as provided in House Bill 128 passed by the Legislature

for  
**Residential, Commercial, Industrial, Consumers.**

For, and in consideration of, One (\$1.00) Dollar in hand paid by A. B. Hooper, Jr., Mayor of Albertville, Alabama, on behalf of the said City, the receipt whereof is hereby acknowledged, and in further consideration of the opportunity to secure lower electric rates for myself, and for the benefits that will accrue to me as a citizen of said City by reason of the net revenue which will be earned by the City from the municipal operation of its own electrical distribution system, it is hereby agreed as follows:

1. That when, and if, the City of Albertville, Alabama, has electrical energy of the required voltage for sale at the premises of the undersigned, so long as he is a purchaser of electrical energy in the territory served by the City's municipal distribution system, will purchase his entire requirements of electrical energy from the City, for a period of ten (10) years, beginning as soon as the service is available. The said City on its part also agrees to make every reasonable effort to provide the necessary facilities for the sale of electrical energy at the premises of the undersigned purchaser prior to December 1, 1938.

2. It is further agreed that the rates to be charged by the City and paid by the undersigned, shall be the published municipal re-sale rates proposed by the Tennessee Valley Authority for residential, commercial, industrial, consumers.

3. In order that the operation of the municipal electric distribution system may be completely divorced from political control after its construction, the City agrees that upon petition signed by five percent of the total number of qualified electors in said City that an election will be called submitting to a vote of the qualified electors in said City the following questions: "Shall the citizens of said City of Albertville be incorporated by the name of 'The Improvement Authority of Albertville' for the purpose of engaging in the enterprise of furnishing to such City and its inhabitants for public and private uses the following service: electric heat, light or power service, commodities or facilities", and that if at such election a majority of the electors vote in favor of such incorporation a Board of Trustees consisting of three members will then be appointed by the City Council to govern such authority, as provided in House Bill 128 passed by the Legislature of Alabama and approved February 7, 1935.

Witness

*A B Hooper*

Purchaser

*Hammond Green*

Address

*13 Miller St*

Date

*8-13-37*

City of

By

Mayor.

2541

## [fol. 2542] COMPLAINANTS' EXHIBIT No. 198 (Excluded)

Comparison of Tennessee Electric Power Company and Tennessee Valley Authority Rates Based on Amount of Customers Usage as Selected by Federal Power Commission in Reports Entitled "Domestic and Residential Rates in Effect January 1, 1936" Dated March 1, 1937, and "Rates for Electric Service to Commercial and Industrial Customers" Dated June 5, 1936.

## Residential

Kilowatt-hour Use	TEP Rate	TVA Rate	Amount Lower	% Lower
15 Lighting & small appliances.....	\$1.00	\$0.75	\$0.25	25.0
40 Lighting & small appliances.....	1.80	1.20	0.60	33.3
100 Lighting, small appliances & refrigeration.....	3.50	2.50	1.00	28.6
250 Lighting, refrigeration, cooking, etc.	6.00	5.00	1.00	16.7
500 Lighting, refrigeration, cooking, water heating, etc.....	8.50	6.90	1.60	18.8

## Commercial

Kilowatt-hour Use	TEP	TVA		
1 Kw. billing demand				
25.....	\$1.45	1.00	0.45	31.0
50.....	2.58	1.50	1.08	41.9
75.....	3.70	2.25	1.45	39.2
150.....	7.08	4.50	2.58	36.4
3 Kw. billing demand				
150.....	7.08	4.50	2.58	36.4
375.....	17.20	10.00	7.20	41.9
6 Kw. billing demand				
375.....	17.20	10.00	7.20	41.9
750.....	34.08	17.50	16.58	48.7

## Industrial

Kilowatt-hour Use	TEP	TVA		
30 Kw. billing demand				
3,000.....	104.50	60.00	44.50	42.6
6,000.....	143.69	90.00	53.69	37.4
75 Kw. billing demand				
7,500.....	225.63	150.00	75.63	33.5
15,000.....	298.06	205.00	93.06	31.2
30,000.....	431.06	293.50	137.56	31.9
500 Kw. billing demand				
100,000.....	1,521.19	1,010.00	511.19	33.6
200,000.....	2,186.19	1,300.00	886.19	40.5

## [fol. 2543] COMPLAINANTS' EXHIBIT No. 199

Map of Northeast Mississippi showing thereon lines of Mississippi Power Company completed and under construction, lines owned and operated by TVA, completed and under construction, lines of cooperatives and municipalities

## COMPLAINANTS' EXHIBIT No. 199

completed or under construction by TVA and distributing TVA power, and lines of cooperatives and municipalities acquired by TVA and Sold to such cooperatives and municipalities and now distributing TVA power.

(Original Exhibit)

[fol. 2544] COMPLAINANTS' EXHIBIT No. 200 (Excluded)

(Letterhead of City of Columbus, Columbus, Miss.)

November 24, 1933.

The Mississippi Power Company, Columbus, Mississippi,  
Attention Mr. Joe Street, Columbus, Mr. L. P. Sweatt,  
Gulfport

GENTLEMEN:

The Mayor and City Council, in regular adjourned session last night, directed me to write you as follows in regard to your rate structure:

That the one object of this letter is to obtain lower power and light rates for this city and territory.

The Mayor and City Council have three propositions before it, one of which, it is determined, must be realized:

First. Will the Mississippi Power Company put into effect in this city and territory the same rates which are to be inaugurated through the TVA at Tupelo, Mississippi, at the expiration of our present contract—February 1, 1934?

Second. Will the Mississippi Power Company sell its distribution system in the city to the City of Columbus—at an appraised and agreed price—to be arrived at fairly and legally, in comparison to what a new distribution system would cost?

Third. If neither of the two proposals is accepted by the Mississippi Power Company, the City will construct its own distribution system and purchase power from the TVA.

The Mayor and City Council prefers not to go into the power business, hence the First and Second propositions.



## COMPLAINANTS' EXHIBIT No. 200 (Excluded)

But a decision on these points is imperative, and at once. The Mayor and City Council will not prolong negotiations indefinitely on these questions, as an immediate decision on your part to these matters is necessary.

Very truly yours, (Sgd.) T. W. Lewis, Jr., City Attorney.

[fol. 2545] (Letterhead of City of Columbus, Columbus, Miss.)

July 31, 1937.

Mr. Barney Eaton, President, Mississippi Power Company, Gulfport, Mississippi,

DEAR MR. EATON:

I am authorized by the City Council to write you with reference to the purchase by the City of your distribution system here, including the adjacent suburbs, but not including the substation or transmission lines from here to West Point.

The people of this city expressed themselves in 1934 overwhelmingly for the municipal ownership of the distribution system on the TVA rate basis. As you know, we had a valuation made of this system, in 1936.

The Council would like to know, now, if you will sell your distribution system, on what terms and at what price.

The Council realizes that there are many features involved in the sale of the system which, no doubt, will be taken up in the course of time, but we would appreciate a reply at the earliest possible date.

Very truly yours, (Sgd.) T. W. Harris, Mayor.

TWH:twl.

[fol. 2546] (Letterhead of City of Columbus, Columbus, Miss.)

November 17, 1937.

Mr. Barney Eaton, Chattanooga, Tenn.,

DEAR MR. EATON:

The City Council has thought, for some time, that it would be possible, before the end of this month, to have a heart to heart talk with you over the proposal of purchasing the Power Company's distribution system here. With your



## COMPLAINANTS' EXHIBIT No. 200 (Excluded)

presence required in Chattanooga for probably several weeks, we are very much discouraged on the question of such a conference. If you can give us a definite appointment within the next ten days, we shall greatly appreciate it.

The Council is determined to go ahead with the preliminary steps toward securing a system in order to receive TVA power. I might say that the Council is waxing impatient in that it has been two months since an election was held here and which resulted so overwhelmingly for the issuance of the bonds. With a majority of the users here under contract to take power from the city, it is most desirable that some decision be reached without undue delay. A purchase of the Power Company's system is preferable to the Council, and it is not clear to these gentlemen why an offer and acceptance or refusal has not taken place.

We are without any information from your source, except from the local manager, and we could not, of course proceed for consideration thereof unless it came officially and from your office. We are without authority to do anything except deal with you for the purchase of the distribution system in this city and the adjacent suburbs. If, as we are unofficially informed, no trade will be considered unless it involves the sale of other systems in this district, we are still powerless to move except as an intermediary between your company and the other towns involved.

We are without authority from you to approach the Tennessee Valley Authority with a view of the purchase by it of transmission and/or distribution systems in this district. We have not broached the subject with the TVA and cannot, until and if your company authorizes and requests this city or some other agency to do so.

Permit me to repeat,—an early conference with you is imperative, under the present temper of the Council and interested citizens. We prefer to reach an agreement with you for the sale of the Columbus distribution system than to enter in a competitive field; however, we are prepared to do this if you are not interested in the disposal of your system in this district.

May I have the honor of your prompt and frank reply to these items?

Very truly yours, (Sgd.) T. W. Harris, Mayor.

TWH:l.

[fol. 2547] COMPLAINANTS' EXHIBIT No. 201 (Excluded)

(Letterhead of D. W. Houston, Sr. & Jr., Aberdeen,  
Mississippi)

29 November, 1933.

Re Negotiations—City of Aberdeen—Mississippi Power Co.

Mr. L. P. Sweatt, Jr., V. P. and General Manager, Mississippi Power Co., Gulfport, Miss.

DEAR MR. SWEATT:

We have your favor of the 28th re above subject.

We are sure it will be perfectly agreeable with our Committee that you be given a reasonable time for the investigations and studies you desire to make before we have a conference; but when you have finished with these investigations and studies within that time, we are sure that you would not hesitate to give us the benefit of your conclusions and the results of these investigations and studies, with a listing of your properties, so that the Committee may in turn take these matters up with an engineer of its own selection to determine the sound valuation of the physical properties owned by you, and which would be considered as passing to the City in the event it was decided to take over these properties rather than establishing its own new distributing system.

We want to assure you that it is not the purpose of the City to do other than to enter into an amicable adjustment of this matter with you, as there appears to have been a splendid co-operation between your Company and the City in the past, and we want this relationship to continue. The City's only desire is to invoke the first law of nature—"Self Preservation" to it and its citizens.

Taking the wide spread in the wholesale rates and the retail rates offered through the TVA, speaking generally, we are wondering if there is some way that your company and the City could get together and the City and its citizens get the benefit of the retail rates and let your company get the spread, and still continue the very pleasant relations existing between the two. This is merely a tentative suggestion, without any authority from the Committee to bind them.

[fol. 2548] If some such basis of settlement or adjustment could be arrived at, this would probably obviate the

## COMPLAINANTS' EXHIBIT No. 201 (Excluded)

necessity of the incident expenses both to your company and the city in making the investigations and studies you suggest.

We would be pleased to hear from you further on this subject, and if you think some such result could be reached, let's try to have an early meeting.

Thanking you for your prompt handling, and with every good wish, we remain,

Very sincerely, D. W. Houston, Sr. & Jr., City Attorneys, (Sgd.) by D. W. Houston, Jr.

DWHJr-w.

[fol. 2549] (Letterhead of D. W. Houston, Sr. & Jr.,  
Aberdeen, Mississippi)

7 March, 1934.

Re Negotiations—Distribution System Mississippi Power  
Co.—Aberdeen

Mr. L. P. Sweatt, Jr., V. P. and General Manager, Mississippi Co., Gulfport, Miss.

DEAR MR. SWEATT:

The Board of Alderman feel that you have had ample time to give the necessary study to the matters referred to in recent communication regarding above subject, since December 4th the date of your last letter and in which you promised to let us hear from you within a reasonable time.

Our Board has never given up the idea of securing cheaper electrical energy in line with the TVA rates, and if there is going to be anything done towards the City purchasing your distribution system if you can not give the TVA rates, our people would like to know it, so that they may govern their actions accordingly, as to be perfectly frank with you it is the purpose of the City to go right along with plans to secure cheaper current and energy, although all of us feel that we should get together if possible in view of the past mutual friendly relations.

Awaiting a very prompt reply, and with every good wish, we remain,

Very truly yours, D. W. Houston, Sr. & Jr., City Attorneys, (Sgd.) by D. W. Houston, Jr.

DHWJr-w.

## COMPLAINANTS' EXHIBIT No. 201 (Excluded)

[fol. 2550] (Letterhead of D. W. Houston, Sr. & Jr., Aberdeen, Mississippi)

4 April, 1934.

Re Negotiations—Distribution System, Mississippi Power Co.—Aberdeen

Mr. L. P. Sweatt, Jr., V. P. and General Manager, Mississippi Power Co., Gulfport, Miss.

DEAR MR. SWEATT:

Your letter 9th. ultimo., submitted by us to our Board to-day.

We regret that we can not strike a deal with you on a fair valuation of your physical properties here for the purpose of the City purchasing your Distribution System, and that you have seen fit by your letter to decline consideration of the city's overtures to this end.

In view of this fact, the Board to-day passed a resolution requesting that the TVA make an estimate of the costs of a new distribution system for Aberdeen, which will be followed up by a bond issue when the estimate is made to construct the same.

A further meeting of the Board will be held on April 16th. at 3 p. m.

As a courtesy to you and your company, we are sending you copy of a letter this day directed to Hon. Guy W. Thaxton, District Engineer, TVA, Tupelo, Miss., asking for a survey of the City and an estimate of the costs of this project, which letter is self explanatory and conveys to you the purpose of the City in this regard.

We regret that we have come to a parting of the ways; but our people feel that they are entitled to every benefit that other cities in the TVA area will enjoy and are going to do everything possible to secure these benefits.

Very truly yours, D. W. Houston, Sr. & Jr., City  
Attorneys, (Sgd.) by D. W. Houston, Jr.

DWHJr-w.

COMPLAINANTS' EXHIBIT No. 201 (Excluded)

[fol. 2551]

4 April, 1934.

Hon. Guy W. Thaxton, District Engineer, TVA, Tupelo, Miss.

DEAR MR. THAXTON:

The Mayor and Board of Aldermen of the City of Aberdeen at their Regular April Meeting here to-day passed a resolution making request of your Department to make an immediate survey of said City for the purpose of furnishing an estimate of the costs of the construction of a new electric distribution system in and for said City for the purpose of serving those desiring electrical current and energy in Aberdeen and contiguous thereto with such electrical current and energy; and in addition thereto a further estimate of the costs of the construction of a high power transmission line to connect with the nearest point of the TVA high lines to Aberdeen over and through which said electrical current and energy can be transmitted into the newly constructed distribution system.

You, of course, know that there is now a distribution system in Aberdeen, which is owned by the Mississippi Power Co. and is serving the people of Aberdeen; and it is contemplated that the new construction will not in anywise impede, impair, retard, obstruct or interfere with the Mississippi Power Co. in the free use and enjoyment of its property or franchise in said City, or create any hazards to it or the public generally as a result of the duplication of an electrical distribution system in said city, and the estimate of the costs of this new construction should take into consideration these factors.

It is highly desired that this survey be made at the earliest possible moment and that a report be made to the Board of your findings, if possible, not later than April 16th. at 3 p. m.

Thanking you for your cooperation in this matter, and with every good wish, we remain,

Very truly yours, D. W. Houston, Sr. & Jr., City Attorneys, (Sgd.) by D. W. Houston, Jr.

DWHJr-w.

[fol. 2552] COMPLAINANTS' EXHIBIT No. 202 (Excluded)

(Letterhead—Mayor's Office—City of Starkville, Starkville, Miss.)

January 24, 1934.

Mr. B. Eaton, President, Miss. Power Company, Gulfport,  
Miss.

DEAR SIR:

Since you state that you do not desire to sell the distribution system of the Mississippi Power Company in the City of Starkville, I desire to inform you that the City authorities will make you an offer for your distribution system and for a flat rate for power similar to that Tupelo is at present getting, until we can get power from the T. V. A. direct.

If we cannot agree, we declare our intention to put in our own distribution system at such time, and as soon as possible, to be in readiness for power from the T. V. A.; or to acquire our own method of generating electricity for our own use.

Yours very truly, (Sgd.) Joseph S. Rice.



(Here follow four photolithographs, side folios 2553-2556)

## BINDER CONTRACT

### To Take Light and Power From The City of Columbus, Mississippi

#### STATE OF MISSISSIPPI

Lowndes County  
City of Columbus

THIS CONTRACT, made and entered into this ..... day of ..... 1937,

by and between the City of Columbus, Mississippi, party of the first part and .....

..... part..... of the second part,

WITNESSETH, THAT WHEREAS, the party of the first part has been authorized, by an election held on the 14th day of September, 1937, to issue bonds of said city in the maximum sum of \$281,000.00 with which to acquire the present electric power and light distribution system or to construct its own distribution system for electric power and light; and

WHEREAS, the party of the first part, proceeding under the authority of said election, must either acquire the existing electric power and light distribution system or construct a distribution system of its own, in order to place itself in a position to receive cheap electrical energy from the Tennessee Valley Authority. The party of the first part therefore contracts, on its part, to employ all lawful means to acquire or construct a distribution system and to deliver to the party of the second part Tennessee Valley Authority electrical energy at Tennessee Valley Authority rates, and

WHEREAS, the acquisition of said electric light and power distribution system or the construction of its own system involves the expenditure of a large sum of money, which expenditure can result in direct unlimited ad valorem taxation to liquidate the same in the event the revenues collected from said system are not sufficient, and in further consideration of the benefits to be derived from the use of power and light at the low rates fixed by the Tennessee Valley Authority, I, we, expressly bind myself, (ourselves) to receive light and power from no other source than through the distribution system of the party of the first part. It is also understood and agreed that the procedure necessary and incidental to the acquisition of a distribution system may involve an indeterminate period of time, but that this contract shall be subject to a reasonable and liberal interpretation as to time.

by and between the City of Columbus, Mississippi, party of the first part and .....

..... part..... of the second part,

WITNESSETH, THAT WHEREAS, the party of the first part has been authorized, by an election held on the 14th day of September, 1937, to issue bonds of said city in the maximum sum of \$281,000.00 with which to acquire the present electric power and light distribution system or to construct its own distribution system for electric power and light; and

WHEREAS, the party of the first part, proceeding under the authority of said election, must either acquire the existing electric power and light distribution system or construct a distribution system of its own, in order to place itself in a position to receive cheap electrical energy from the Tennessee Valley Authority. The party of the first part therefore contracts, on its part, to employ all lawful means to acquire or construct a distribution system and to deliver to the party of the second part Tennessee Valley Authority electrical energy at Tennessee Valley Authority rates, and

WHEREAS, the acquisition of said electric light and power distribution system or the construction of its own system involves the expenditure of a large sum of money, which expenditure can result in direct unlimited ad valorem taxation to liquidate the same in the event the revenues collected from said system are not sufficient, and in further consideration of the benefits to be derived from the use of power and light at the low rates fixed by the Tennessee Valley Authority, I, we, expressly bind myself, (ourselves) to receive light and power from no other source than through the distribution system of the party of the first part. It is also understood and agreed that the procedure necessary and incidental to the acquisition of a distribution system may involve an indeterminate period of time, but that this contract shall be subject to a reasonable and liberal interpretation as to time.

In witness whereof the parties have hereunto set their hands on the date first above written.

WITNESSES TO SIGNATURE OF PARTY OF  
FIRST PART:

.....  
.....

WITNESSES TO SIGNATURE OF PARTY OR  
PARTIES OF SECOND PART:

.....  
.....

THE CITY OF COLUMBUS, MISSISSIPPI

By ..... Mayor  
Party of the First Part.

.....

.....  
Party or parties of second part.

2553

3016A

COMPLAINANTS' EXHIBIT No. 204 (Excluded)

CITY OF COLUMBUS

Columbus, Miss.

Information needed to complete application to the  
TVA for a transmission line.

Number of resident consumers and load.

Number of commercial consumers & load.

Number of Industrial consumers and load.

How many different types of service.

The City's consumption.

Furnish rate schedule of present Power Co.

Population (white and black)

Population out side but within 3 mile radius

Property valuation, assessed valuation and tax rates

Financial set up.

Water work situation

City Map

County map

COLUMBUS, MISS.

Information needed to complete application to the  
TVA for a transmission line.

Number of resident consumers and load.

Number of commercial consumers & load.

Number of Industrial consumers and load.

How many different types of service.

The City's consumption.

Furnish rate schedule of present Power Co.

Population (white and black)

Population out side but within 3 mile radius

Property valuation, assessed valuation and tax rates

Financial set up.

Water work situation

City Map

County map

Show on map sub station and power lines as they come in.

Amount of MSCW bill and amount of bill other large consumers

COMPLAINANTS' EXHIBIT No. 204 (Excluded)

INFORMATION SUBMITTED BY THE CITY OF \_\_\_\_\_, MISSISSIPPI, TO THE BOARD OF TENNESSEE VALLEY AUTHORITY, IN CONNECTION WITH THE CITY'S APPLICATION TO BE SERVED WITH HYDRO-ELECTRIC POWER FROM MUSCLE SHOALS.

Does the City now have a contract with a power company to furnish electricity? \_\_\_\_\_ . If so, when does the contract expire? \_\_\_\_\_

Can this contract be cancelled on notice? \_\_\_\_\_ ? If so, how long must notice be given? \_\_\_\_\_ .

Does the city own its power plant? \_\_\_\_\_

Does the city own its distribution system? \_\_\_\_\_

Does the city purchase power from a power company and distribute it to its citizens? \_\_\_\_\_ .

What is the prospect for increasing the consumption? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

If your power is received from a power company, where is it generated? \_\_\_\_\_

Do the lines of the power company that come from Muscle Shoals touch the city? \_\_\_\_\_

How far is it from the city to Muscle Shoals? \_\_\_\_\_

What is the annual industrial consumption of power in the city? \_\_\_\_\_

What is the domestic consumption of power in the city? \_\_\_\_\_

What are the industries of the city that are large consumers of power? \_\_\_\_\_

Number of farm homes within a reasonable distribution radius of the city, which are potential users of power. \_\_\_\_\_

Are there any distribution systems from the city or elsewhere that now serve the farming section around the city? If so, how many miles and how many farm homes \_\_\_\_\_



2555

What is the prospect for increasing the consumption?

If your power is received from a power company, where is it generated?

Do the lines of the power company that come from Muscle Shoals touch the city?

How far is it from the city to Muscle Shoals?

What is the annual industrial consumption of power in the city?

What is the domestic consumption of power in the city?

What are the industries of the city that are large consumers of power?

Number of farm homes within a reasonable distribution radius of the city, which are potential users of power.

Are there any distribution systems from the city or elsewhere that now serve the farming section around the city? If so, how many miles and how many farm homes served?

Remarks:

QUESTIONNAIRE

Under the law, what is the maximum amount of bonds your city can issue?

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---

What is the amount of the outstanding bonds of your city at this time?

---

Is it probable that a part or all of any bonds issued by your City for the purpose of purchasing or installing a distribution system can be sold to your local citizens? \_\_\_\_\_

If any, how much? \_\_\_\_\_

What is the value of the present distribution system in your City? (Do not guess - if you do not know, get some-one qualified to place a value)

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What is the cost or production at your municipal plant and on what basis is it figured? \_\_\_\_\_

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Additional remarks:

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## [fols. 2557-2558] COMPLAINANTS' EXHIBIT No. 205

Map of West Tennessee and Paris districts of Kentucky-Tennessee Light & Power Company showing thereon lines of TVA, completed and under construction, lines of cooperatives and municipalities, constructed or under construction by TVA and distributing TVA power, lines of Kentucky-Tennessee Light & Power Company and lines of others.

(Original Exhibit)

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## [fol. 2559] COMPLAINANTS' EXHIBIT No. 206

Map of the North Tennessee division of The Tennessee Electric Power Company showing thereon lines of TVA, completed and under construction, lines of cooperatives and municipalities, constructed or under construction by TVA and distributing TVA power, lines of The Tennessee Electric Power Company and lines of others.

(Original Exhibit)

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## [fol. 2560] COMPLAINANTS' EXHIBIT No. 207

Map of East Tennessee division of the Tennessee Electric Power Company showing thereon lines of TVA, completed and under construction, lines of cooperatives and municipalities, constructed or under construction by TVA and distributing TVA power, lines of cooperatives and municipalities not constructed by TVA but distributing TVA power, lines of Tennessee Electric Power Company and lines of others.

(Original Exhibit)

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## [fol. 2561] COMPLAINANTS' EXHIBIT No. 208

Map of the Middle Tennessee Division of the Tennessee Electric Power Company showing thereon lines of TVA, completed and under construction, lines of cooperatives and municipalities, constructed or under construction by TVA and distributing TVA power, lines of Tennessee Electric Power Company and lines of others.

(Original Exhibit)

[fol. 2562] COMPLAINANTS' EXHIBIT No. 209

Map of the Cumberland Division of the Tennessee Electric Power Company showing thereon lines of TVA, completed and under construction, lines of cooperatives and municipalities, constructed or under construction by TVA and distributing TVA power, lines of Tennessee Electric Power Company and lines of others.

(Original Exhibit)

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[fol. 2563] COMPLAINANTS' EXHIBIT No. 210

Map of West Tennessee Power and Light Company showing thereon lines of TVA, completed and under construction, lines of cooperatives and municipalities constructed or under construction by TVA and distributing TVA power, lines of West Tennessee Power and Light Company constructed or under construction, and lines of others.

(Original Exhibit)

[fol. 2564]

## COMPLAINANTS' EXHIBIT No. 211 (Excluded)

West Tennessee Power &amp; Light Company

List of Customers Lost to City of Jackson—T. V. A.

Municipal Distribution System

Acct. No.	Name	Address	Date Lost	Net Amount of Bill for 12 Months Ended September 30, 1937
1-286	Brett's Cafe	215 E. Main	Oct. 8, 1937	\$334.95
1-258	Jitney Jungle	111 N. Church	" 16, 1937	672.16
1-304	Cleveland Ray Inc.	209 E. Main	" 26, 1937	349.84
1-324	Fox Cafe	203 E. Main	" 25, 1937	819.16
1-52	W. R. Fenner	Main & Church	" 30, 1937	186.57
5-206	Thompson Baking Company	South Royal	" 30, 1937	1,498.76
39-102	T. S. Edgell	204 Woodrow	Nov. 5, 1937	83.35
7-92	H. A. Luttrell	395 S. Royal	" 16, 1937	32.17
7-91	J. H. Rowlett	395 S. Royal	" 16, 1937	9.62
39-106	Victor Woerner	212 Woodrow	" 18, 1937	39.89
1-204	Pearle Brown	213 1/2 E. Main	" 23, 1937	439.94
39-98	E. R. Dubose	140 Woodrow	" 23, 1937	58.71
5-114	Nance's Drug Company	108 S. Liberty	" 24, 1937	974.00
5-194	Dixie Castle #1	111 S. Church	" 24, 1937	515.14
Total				\$5,954.26

[fol. 2565] COMPLAINANTS' EXHIBIT No. 212 (Excluded)

(Copy)

Thompson Baking Company,  
Jackson, Tenn.

Nov. 2, 1937.

Mr. John Wisdom, West Tennessee Power & Light Co., Jackson, Tenn.

DEAR MR. WISDOM :

Your kind letter of the 1st received and I wish to thank you very much for same. In regard to your service on electricity, I would like to say that we have never had a minutes trouble with your service except when we knew that it could not be avoided. We would also like to say that we were treated with every consideration by your employees.

In regard to our discontinuance of your electric service, I would like to explain to you that we could not afford to pass up the saving that we will make by using T V A power. Last month we paid you \$127.09 for power and light and the same amount of electricity from T. V. A. would have cost us about \$48.00 or a saving of about \$80.00.

I would like to say that it was not my wish to take this business away from you but I also want you to understand my position in the matter and that the saving was so great that I could do nothing else.

We are still doing business with your company in that we are paying you approximately \$40.00 per month for gas for our oven and up until now the service has been entirely satisfactory.

Again wishing to express to you my appreciation for all kindnesses rendered by your company, I am,

Respectfully yours, Thompson Baking Co., (Sg.)  
Charles A. Thompson.

CAT/Enc.



[fol. 2566] COMPLAINANTS' EXHIBIT No. 213

Tennessee Valley Authority,  
Department of Electricity.

Jackson, Tennessee.

To All Applicants for TVA Electricity in Madison County,  
Tennessee:

Engineering surveys and the work of obtaining right-of-way easements have progressed to a point where we can definitely advise you to proceed with having your house wired and complete contracts for your electrical appliances. It is expected that we will be ready to start construction on your line within the very near future and, in order that you may receive electricity at the very earliest date possible, we now advise you to proceed with your wiring.

Our construction crews will run the wire from the pole to your house and install the meter in the meter receptacle. It will be necessary for your wiring contractor to install proper-sized switch, meter receptacle, and entrance cable. The meter receptacles may be obtained at the following address by your electrical contractor:

Division Headquarters,  
Tennessee Valley Authority,  
215 Holland Building,  
Jackson, Tennessee.

Before electricity is turned on, your wiring must be inspected. Therefore, it will be necessary for you to have the electrician who wires your house notify us that he has completed the wiring and that it is ready for inspection. Inspection of house wiring will be made by a representative from this office and, again, we wish to caution you of the importance of having your wiring installed in accordance with requirements of the National Board of Fire Underwriters.

If you have complied with the above requirements at the time your lines are constructed, the construction crews will extend the wire from the pole to the house, install the meter, and complete all necessary arrangements for supplying the service when the lines are energized. If you are not ready for service at the time construction crews reach your premises, it will be necessary to wait until a future date when the construction crews can come back and run the service wires

## COMPLAINANTS' EXHIBIT No. 213

and install the meters. This may delay you in securing electric service.

Yours very truly, Tennessee Valley Authority,  
(Signed) Earle R. Wall, Division Manager.

## [fol. 2567] COMPLAINANTS' EXHIBIT No. 214

Electric Franchise Granted by the Court of County Commissioners of Colbert County, Alabama, to TVA.

Be it Resolved by the Court of County Commissioners of Colbert County, Alabama:

That, whereas, Tennessee Valley Authority, a corporation created and existing under the "Tennessee Valley Authority Act of 1933" has acquired certain transmission and other lines, substations and other appliances, facilities and property for the transmission and distribution of electrical energy in certain parts of Colbert County, Alabama, some of which lines and appliances are located along and across the public highways in said county; and

Whereas said Tennessee Valley Authority may desire hereafter to extend said lines or construct new ones in, along or across such highways, and this Court deems it in the public interest that said Tennessee Valley Authority be given the right and franchise to use the public places and highways of this County in connection with the transmission and distribution of electrical energy in said County;

Now, therefore, be it Resolved That said Tennessee Valley Authority, its successors and assigns, be and they are hereby given and granted the right and franchise to construct, repair, maintain, operate and conduct in said County a system of poles, towers, conduits, cables, conductors, transforming stations, fittings and all appliances or appurtenances in, over, under, along, upon and across all public highways, roads, alleys, lanes, bridges, viaducts and other public ways and places in said county as they now exist or may hereafter be laid out or extended, to the extent the said Tennessee Valley Authority may deem necessary or desirable to the transmission within, into, through, over and beyond the county and furnishing, supplying, and distributing to the county and to the inhabitants and corporations, both within and beyond the limits thereof, electric energy for lighting, heating, power and all other purposes for

## COMPLAINANTS' EXHIBIT No. 214

which electric energy may be used now or hereafter and for the purpose of extending its lines and furnishing electric current beyond the limits of the county.

This right and franchise is made upon the following conditions:

1. The poles, towers, conduits, cables, conductors, transforming stations, fittings, appliances, and appurtenances shall be so constructed as not unreasonably to interfere with [fol. 2568] the proper use of the public highways, roads, alleys, bridges, viaducts, and other public ways and places in the county and shall be maintained in a reasonably good condition and repair.

2. Whenever the Tennessee Valley Authority shall cause any opening or alteration to be made in any of the public highways, roads, alleys, lanes, bridges, viaducts and other public ways and places in the county for the purpose of installing, maintaining, operating, or repairing any poles, towers, conduits, cables, and other appliances, the work shall be completed within a reasonable time and the Tennessee Valley Authority shall upon the completion of such work restore such portion of the public highways, roads, alleys, lanes, bridges, viaducts and other public ways and places to as good condition as it was before the opening or alteration was so made.

3. The Tennessee Valley Authority shall hold the county harmless from any and all liability or damages resulting from the negligence of the Tennessee Valley Authority in the construction, maintenance or operation of its poles, towers, conduits, wires, cables and other appliances.

4. The invalidity of any sentence, clause, or provision hereof shall not affect the validity of any of the remaining provisions hereof.

5. The consideration hereof is the expenditure by said Tennessee Valley Authority of the funds necessary for the construction of said transmission and/or distribution lines and the proper maintenance thereof.

Adopted August 10th, 1936.

R. E. Sherrill, S. E. Kimbrough, Rad Thompson,  
Commissioners.

(For brevity other portions of this exhibit are omitted.)

[fol. 2569] COMPLAINANTS' EXHIBIT No. 215

Electric Franchise Granted by the Court of County Commissioners of Colbert County, Alabama, to TVA, on September 22, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 214 except that the electric franchise is limited for a period of 99 years from its date.

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COMPLAINANTS' EXHIBIT No. 216

Electric Franchise Granted by the Court of County Commissioners of Franklin County, Alabama, to TVA, on September 14, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 214.

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COMPLAINANTS' EXHIBIT No. 217

Electric Franchise Granted by the Court of County Commissioners of Lauderdale County, Alabama, to TVA, on October 12, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 214.

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[fol. 2570] COMPLAINANTS' EXHIBIT No. 218

Electric Franchise Granted by the Court of County Commissioners of Lauderdale County, Alabama, to TVA, on October 12, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 214 except that the electric franchise is limited for a period of 99 years from its date.

**COMPLAINANTS' EXHIBIT No. 219**

Electric Franchise Granted by the County Board of Revenue of Limestone County, Alabama, to TVA, on August 17, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 214.

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**COMPLAINANTS' EXHIBIT No. 220**

Electric Franchise Granted by the Court of County Commissioners of Madison County, Alabama, to TVA, on September 21, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 214 except that the electric franchise is limited for a period of 99 years from its date.

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**[fol. 2571] COMPLAINANTS' EXHIBIT No. 221**

Electric Franchise Granted by the Court of County Commissioners of Marshall County, Alabama, to TVA, on September 21, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 214 except that the electric franchise is limited for a period of 99 years from its date.

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**COMPLAINANTS' EXHIBIT No. 222**

Electric Franchise Granted by the Board of Revenue of Morgan County, Alabama, to TVA, on July 27, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 214.

**COMPLAINANTS' EXHIBIT No. 223**

**Electric Franchise Granted by the Board of Revenue of Morgan County, Alabama, to TVA, on December 14, 1936**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 214 except that the electric franchise is limited for a period of 99 years from its date.

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**[fol. 2572] COMPLAINANTS' EXHIBIT No. 224**

**Power Contract Between TVA and the Tippah County Electric Power Association, dated November 5, 1937**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and North Georgia Electric Membership Corporation, except:

1. The maximum amount of electricity which TVA agrees to supply before January 1, 1939, shall not exceed 750 kw.
  2. The point of delivery shall be at the low tension side of the step-down transformers to be constructed by TVA at a site to be mutually agreed upon.
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**[fol. 2573] COMPLAINANTS' EXHIBIT No. 225**

**Electric Franchise Granted by the County Court of Anderson County, Tennessee, to TVA**

**Monday, January 6th, 1936.**

**Resolution in re-TVA Poles and Wires**

The following Resolution was read to the Court, by W. A. Brown, County Judge:

**Resolution:**

Whereas, an application has been duly made to the County Court of Anderson County Tennessee by the Tennessee Valley Authority for permission to erect and maintain poles, lines, wires, insulators, transformers, irons and braces to suspend wires over, across, above, through and upon public



## COMPLAINANTS' EXHIBIT No. 225

highways, lanes, bridges, viaducts and other public ways and places in said County (but outside the corporate limits of any Incorporated city or town) for the purpose of conducting electricity over said wires and

Whereas, said County Court having duly convened and heard such application, a Quorum being present, and concluded that the Grant thereof would be advantageous to the County and its inhabitants,

Now, Therefore, on motion duly made and carried,

Resolved, that said Tennessee Valley Authority (hereinafter called the "Authority") is hereby given and vested with the permission, right, authority, easement, privilege and franchise to construct, erect, suspend, install, renew, repair, maintain, operate and conduct in the County of Anderson a system of poles, towers, conduits, cables, conductors, transforming stations, fittings and all appliances or appurtenances necessary or desirable to the transmission, distribution, or sale of electric current for all purposes whatsoever in, over, under, along, upon, across and above all public highways, lanes, bridges, viaducts and other public ways and places in said County (but outside the corporate limits of any incorporated city or town) as they now exist or may hereafter be laid out or extended together with the further right, privilege and franchise to construct, erect, suspend, install, renew, repair, maintain and operate such poles, towers, conduits, cables, wires, conductors, transforming stations, fittings and all appliances and appurtenances necessary or desirable to the transmission within, into, through, over, across and beyond the County and furnishing, supplying and distributing to the County and to the [fol. 2574] inhabitants and corporations, both within and beyond the limits thereof (but outside the corporate limits of any incorporated city or town), electric energy for lighting, heating power and all other purposes for which electric energy may be used now or hereafter and for the purpose of extending its lines and furnishing electric current beyond the limits of the County.

This permission, grant, and privilege is made upon the following terms:

1. The poles, towers, conduits, cables, conductors, transforming stations, fittings, appliances, and appurtenances shall be so constructed as not unreasonably to interfere with

## COMPLAINANTS' EXHIBIT No. 225

the proper use of the public highways, lanes, bridges, viaducts, and other public ways and places in the County, and shall be maintained in a reasonably good condition and repair.

2. Whenever the Authority shall cause any opening or alteration to be made in any of the public highways, lanes, bridges, viaducts and other public ways and places in the County for the purpose of installing, maintaining, operating, or repairing any poles, towers, conduits, cables and other appliances, the work shall be completed within a reasonable time and the Authority shall upon the completion of such work restore such portion of the public highways, lanes, bridges, viaducts and other public ways and places to as good condition as it was before the opening or alteration so made.

3. The Authority may, with the consent of any landowner having any interest therein, trim any trees which may come into contact with said wires, poles, or appurtenances.

4. The Authority shall hold the County harmless from any and all liability or damages resulting from the negligence of the Authority in the construction, maintenance or operation of its poles, towers, conduits, wires, cables and other appliances, and the Authority shall so place their poles, towers, and other appliances in such a manner as not to interfere with the public roads and ditches, and if it should become necessary to widen or change the location of any of said roads the Authority upon notice from the County Highway Superintendent or the person having charge of the said road to remove the same out of the way, so as not to obstruct the free usage and passage of said roads and ditches.

5. The rights hereby granted shall become effective upon the passage of this resolution and shall continue for a period of ninety-nine (99) years thereafter.

6. The invalidity of any sentence, clause, or provision hereof shall not affect the validity of any of the remaining provisions hereof.

[fol. 2575] 7. The consideration hereof is the expenditure by said Authority of the funds necessary for the construc-

## COMPLAINANTS' EXHIBIT No. 225

tion of said transmission and/or distribution lines and the proper maintenance thereof.

In Witness Whereof, said County Court of said County of Anderson, has caused this instrument to be subscribed to by its members this 6th day of January, 1936.

A motion was made by Esq. Wm. Tuttle, and seconded by Esq. L. W. Stark, that said Resolution be adopted. The vote was taken which resulted in a unanimous vote.

Whereupon W. A. Brown, County Judge, declared said Resolution duly and legally adopted.

(For brevity other portions of this exhibit are omitted.)

## [fol. 2576] COMPLAINANTS' EXHIBIT No. 226

Electric Franchise Granted by the County Court of Bedford County, Tennessee, to TVA, on July 6, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

## COMPLAINANTS' EXHIBIT No. 227

Electric Franchise Granted by the County Court of Bledsoe County, Tennessee, to TVA, at its July term, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

## COMPLAINANTS' EXHIBIT No. 228

Electric Franchise Granted by the County Court of Campbell County, Tennessee, to TVA, on February 24, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

[fol. 2577] COMPLAINANTS' EXHIBIT No. 229

Electric Franchise Granted by the County Court of Claiborne County, Tennessee, to TVA, at its January Term, 1937

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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COMPLAINANTS' EXHIBIT No. 230

Electric Franchise Granted by the County Court of Chester County, Tennessee, to TVA, at its October Term, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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COMPLAINANTS' EXHIBIT No. 231

Electric Franchise Granted by the County Court of Cocke County, Tennessee, to TVA, at its January term, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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[fol. 2578] COMPLAINANTS' EXHIBIT No. 232

Electric Franchise Granted by the County Court of Dickson County, Tennessee, to TVA, at its July Term, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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COMPLAINANTS' EXHIBIT No. 233

Electric Franchise Granted by the County Court of Fayette County, Tennessee, to TVA, on October 6, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

**COMPLAINANTS' EXHIBIT No. 234**

Electric Franchise Granted by the County Court of Franklin County, Tennessee, to TVA, at its October Term, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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**[fol. 2579] COMPLAINANTS' EXHIBIT No. 235**

Electric Franchise Granted by the County Court of Giles County, Tennessee, to TVA, at its Adjourned Term, October, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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**[fol. 2580] COMPLAINANTS' EXHIBIT No. 236**

Electric Franchise Granted by the County Court of Giles County, Tennessee, to TVA, on December 9, 1935

(Omitted)

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**[fol. 2581] COMPLAINANTS' EXHIBIT No. 237**

Electric Franchise Granted by the County Court of Grainger County, Tennessee, to TVA, at its January Term, 1936

(Omitted)

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**[fol. 2582] COMPLAINANTS' EXHIBIT No. 238**

Electric Franchise Granted by the County Court of Greene County, Tennessee, to TVA, at its January Term, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

[fol. 2583] COMPLAINANTS' EXHIBIT No. 239

Electric Franchise Granted by the County Court of Grundy County, Tennessee, to TVA, at its July Term, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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COMPLAINANTS' EXHIBIT No. 240

Electric Franchise Granted by the County Court of Hamblen County, Tennessee, to TVA, at its January Term, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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COMPLAINANTS' EXHIBIT No. 241

Electric Franchise Granted by the County Court of Hamilton County, Tennessee, to TVA, on September 7, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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[fol. 2584] COMPLAINANTS' EXHIBIT No. 242

Electric Franchise Granted by the County Court of Hancock County, Tennessee, to TVA, on January 6, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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COMPLAINANTS' EXHIBIT No. 243

Electric Franchise Granted by the County Court of Hardeman County, Tennessee, to TVA, on October 5, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.



## COMPLAINANTS' EXHIBIT No. 244

Electric Franchise Granted by the County Court of Hardin County, Tennessee, to TVA, at its August Term, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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## [fol. 2585] COMPLAINANTS' EXHIBIT No. 245

Electric Franchise Granted by the County Court of Hawkins County, Tennessee, to TVA, on January 6, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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## COMPLAINANTS' EXHIBIT No. 246

Electric Franchise Granted by the County Court of Hickman County, Tennessee, to TVA, at its July Term, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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## COMPLAINANTS' EXHIBIT No. 247

Electric Franchise Granted by the County Court of Jefferson County, Tennessee, to TVA, on January 6, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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## [fol. 2586] COMPLAINANTS' EXHIBIT No. 248

Electric Franchise Granted by the County Court of Knox County, Tennessee, to TVA, on January 6, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

**COMPLAINANTS' EXHIBIT No. 249**

**Electric Franchise Granted by the County Court of Lawrence County, Tennessee, to TVA, at its July Term, 1936**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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**COMPLAINANTS' EXHIBIT No. 250**

**Electric Franchise Granted by the County Court of Lincoln County, Tennessee, to TVA, at its July Term, 1936**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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**[fol. 2587] COMPLAINANTS' EXHIBIT No. 251**

**Electric Franchise Granted by the County Court of Loudon County, Tennessee, to TVA, at its January Term, 1936**

(Omitted)

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**[fol. 2588] COMPLAINANTS' EXHIBIT No. 252**

**Electric Franchise Granted by the County Court of Madison County, Tennessee, to TVA, on October 5, 1936**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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**[fol. 2589] COMPLAINANTS' EXHIBIT No. 253**

**"Resolution Granting the TVA the Right to Set Poles on the Rights of Way of Marshall County"**

"Whereas, it appearing to the Court that the TVA authorities are planning to build transmission lines in Marshall County. Now therefore be it resolved by the County Court of Marshall County that they be given the right to set poles on any or all of the Rights of Way of Marshall

## COMPLAINANTS' EXHIBIT No. 253

County. Upon motion it was moved that the foregoing resolution be adopted, and upon roll call said resolution was adopted by a unanimous vote.

"Thereupon the resolution was declared duly adopted and ordered spread upon the minutes of the Court.

(Seal of the County Court of Marshall County, Tennessee.)"

(For brevity other portions of this exhibit are omitted.)

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## [fol. 2590] COMPLAINANTS' EXHIBIT No. 254

Electric Franchise Granted by the County Court of Maury County, Tennessee, to TVA, at its July Term, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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## COMPLAINANTS' EXHIBIT No. 255

Electric Franchise Granted by the County Court of McMinn County, Tennessee, to TVA, on August 17, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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## COMPLAINANTS' EXHIBIT No. 256

Electric Franchise Granted by the County Court of McNairy County, Tennessee, to TVA, on October 5, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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## [fol. 2591] COMPLAINANTS' EXHIBIT No. 257

Electric Franchise Granted by the County Court of Morgan County, Tennessee, to TVA, on January 6, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

COMPLAINANTS' EXHIBIT No. 258

Electric Franchise Granted by the County Court of Roane County, Tennessee, to TVA, on January 6, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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COMPLAINANTS' EXHIBIT No. 259

Electric Franchise Granted by the County Court of Scott County, Tennessee, to TVA, on July 6, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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[fol. 2592] COMPLAINANTS' EXHIBIT No. 260

Electric Franchise Granted by the County Court of Sequatchie County, Tennessee, to TVA, on July 6, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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COMPLAINANTS' EXHIBIT No. 261

Electric Franchise Granted by the County Court of Shelby County, Tennessee, to TVA, on April 19, 1937

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

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COMPLAINANTS' EXHIBIT No. 262

Electric Franchise Granted by the County Court of Sullivan County, Tennessee, to TVA, on January 6, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

## [fol. 2593] COMPLAINANTS' EXHIBIT No. 263

Electric Franchise Granted by the County Court of Union County, Tennessee, to TVA, on December 3, 1935

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

## COMPLAINANTS' EXHIBIT No. 264

Electric Franchise Granted by the County Court of Washington County, Tennessee, to TVA, on January 6, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 225.

## [fol. 2594] COMPLAINANTS' EXHIBIT No. 265

Electric Franchise Granted by the City of Fayetteville, Tennessee, to TVA, on June 9, 1937

## Ordinance

Whereas, the Tennessee Valley Authority (hereinafter called Authority) is constructing a certain rural electric distribution system in Lincoln County, Tennessee, for the Lincoln County Electric Membership Corporation (hereinafter called Corporation) and Corporation is to own and operate said system for the retail distribution of electricity to its members at cost and without profit; and

Whereas, pursuant to an agreement between Authority and Corporation, Authority is operating such rural lines as have been completed for Corporation until the distribution system has been completed as a unit and may be transferred to Corporation for maintenance and operation; and

Whereas, the L. N. Gross Company proposes to construct a plant within the limits of the Town of Fayetteville and Corporation desires to admit said company to membership in Corporation and supply its electricity requirements; and

Whereas, Corporation has requested the Town of Fayetteville to grant to Authority a franchise to construct an electric distribution line within the limits of said town and

## COMPLAINANTS' EXHIBIT No. 265

to serve the L. N. Gross Company with electricity and to place, the poles, lines, wires, insulators, transformers, irons, and braces, and to suspend the wires of said lines over, through, and upon the public streets, alleys, lanes, bridges, and other public ways and places in said town; and

Whereas, the Board of Mayor and Aldermen of the Town of Fayetteville, having duly convened and heard such application, a quorum being present, has concluded that the grant of such franchise would be advantageous to the Town of Fayetteville and to its inhabitants;

Now, Therefore, on motion duly made and carried,

Be It Ordained, that Authority, its successors and assigns, is hereby given and vested with the permission, right, authority, easement, privilege, and franchise to construct, erect, suspend, install, renew, repair, maintain, operate, and conduct in the Town of Fayetteville a line of poles, towers, conduits, cables, conductors, transforming stations, fittings and all appliances or appurtenances necessary or desirable for transmitting, distributing, and selling electric current to the L. N. Gross Company, and said facilities may be constructed, maintained, and operated in, over, under, along, upon and across the public streets, alleys, lanes, bridges, viaducts, and other public ways and places in said town as they now exist or may hereafter be laid out or extended.

This permission, grant, and privilege is made upon the following terms:

1. The poles, towers, conduits, cables, conductors, transforming stations, fittings, appliances, and appurtenances shall be so constructed as not unreasonably to interfere with the proper use of the public streets, alleys, bridges, viaducts, and other public ways and places in the town and shall be maintained in a reasonably good condition and repair.

2. Whenever Authority or assigns shall cause any opening or alteration to be made in any of the public streets, alleys, lanes, bridges, viaducts, and other public ways and places in the town for the purpose of installing, maintaining, operating, or repairing any poles, towers, conduits, cables, and other appliances, the work shall be completed within a reasonable time Authority or assigns shall upon the completion of such work restore such portion of the



## COMPLAINANTS' EXHIBIT No. 265

public streets, alleys, lanes, bridges, viaducts, and other public ways, and places to as good condition as it was before the opening or alteration was so made.

3. Authority or assigns may, with the consent of any landowner having any interest therein, trim any trees which may come into contact with said wires, poles, or appurtenances.

4. Authority or assigns shall hold the town harmless from any and all liability or damages resulting from the negligence of Authority or assigns in the construction, maintenance, or operation of its poles, towers, conduits, wires, cables, and other appliances.

5. Upon the transfer from Authority to Corporation of the rural electric distribution system which Authority has constructed and is constructing for Corporation, this franchise shall be assigned by Authority to Corporation. Thereafter, the rights herein granted shall be exercised solely by Corporation, and Corporation, rather than Authority, shall be subject to the obligations herein imposed, as fully as if this franchise has been revoked at that time and a new franchise granted directly to Corporation.

6. If at any time subsequent to the construction of said distribution line within the limits of the Town of Fayetteville for service to the L. N. Gross Company, the Town of Fayetteville shall acquire an electric distribution system and shall desire to acquire the distribution line constructed pursuant to this franchise, said town may purchase the same from the then owner thereof at a price corresponding to its value at the time such option is exercised. In determining the price to be paid by the town for said line its value shall be deemed to be the cost of constructing the same, less depreciation from the date of construction to the date on which the option is exercised. If the town elects to exercise such option, it shall purchase the entire portion of the line erected to serve the L. N. Gross Company from the present distribution lines, both within and without the City limits, and the town shall thereafter have the privilege of serving the L. N. Gross Company, if that company shall consent thereto.

## COMPLAINANTS' EXHIBIT No. 265

7. The rights hereby granted shall become effective upon the passage of this Ordinance and shall continue for a period of ninety-nine (99) years thereafter.

8. The invalidity of any sentence, clause, or provision hereof shall not affect the validity of any of the remaining provisions hereof.

9. The consideration hereof is the expenditure by Authority and/or Corporation of the funds necessary for the construction of said transmission and/or distribution lines and the proper maintenance thereof.

10. In Witness Whereof, said Board of Mayor and Aldermen of said Town of Fayetteville has caused this instrument to be subscribed by its Mayor, this 9th day of June, 1937.

Frank D. Rambo, Acting Mayor. H. W. Moyers,  
City Clerk.

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[fol. 2597] COMPLAINANTS' EXHIBIT No. 266

Map of the State of Tennessee, Showing the Counties which have granted electric franchises to TVA.

(Original Exhibit)

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## [fol. 2598] COMPLAINANTS' EXHIBIT No. 267

In the Name and by the Authority of the State of Alabama

Office of Secretary of State

Whereas, E. V. Ellis, J. D. Lindsey, T. A. Young, M. H. Copeland, G. H. Jordan, Eric Moseley, and J. F. Hannah, resident citizens of Cherokee County, Alabama, desiring to form themselves into an electric membership corporation, under Act No. 45, H. 133, approved February 7, 1935, and Act No. 168, H. 469, approved July 8, 1935, and

Whereas, the said members have filed in the office of Secretary of State for the State of Alabama, a certificate of incorporation, in accordance with Section 5 of said Act No. 45 under the name of Cherokee County Electric Mem-

## COMPLAINANTS' EXHIBIT No. 267

bership Corporation which certificate of incorporation has been filed and recorded as of this date.

Now, Therefore, I, Howell Turner, Secretary of State for the State of Alabama, do hereby certify that the above named members are duly organized as an electric membership corporation, under the name of Cherokee County Electric Membership Corporation, for the purposes set forth in said certificate of incorporation and Act No. 45, approved February 7, 1935, also Act No. 168, approved July 8, 1935, and are fully authorized as a body corporate, having the capacity and powers conferred by law, in such cases made and provided.

I further certify that I have forwarded to Hon. T. R. Snead, Judge of Probate of the County of Cherokee, a certified copy of the certificate of incorporation.

In Testimony Whereof, I have hereunto set my hand and affixed the Great Seal of State, at the Capitol, in the City of Montgomery, this 11th day of February, 1937.

Howell Turner, Secretary of State. (Seal.)

[fol. 2599] Certificate of Incorporation of Cherokee County  
Electric Membership Corporation

We, the undersigned, E. V. Ellis, J. D. Lindsey, T. A. Young, M. H. Copeland, G. H. Jordan, Eric Moseley, and J. F. Hannah, being natural persons and resident citizens of Cherokee County, Alabama, the territory in which the operations of the Corporation are principally to be conducted, and being desirous of using electric energy to be furnished by the Corporation, and being desirous to promote and encourage the fullest possible use of electric energy, hereby execute this Certificate of Incorporation, as the incorporators of Cherokee County Electric Membership Corporation, as is provided by House Bill 133, Legislature of 1935, and approved on February 7, 1935, General Acts of Alabama, Regular Session, 1935, Page 100, and as amended by House Bill 469, Legislature of 1935, and approved on July 8, 1935, General Act of Alabama, Regular Session, 1935, Page 229.

First

Name: The Name of the Corporation shall be Cherokee County Electric Membership Corporation.

## COMPLAINANTS' EXHIBIT No. 267

## Second

**Territory:** The operations of the Corporation shall be principally conducted in Cherokee County, Alabama.

## Third

**Principal Office:** The Location of the principal office and the post office address thereof shall be Centre, Cherokee County.

## Fourth

**Number of Directors:** The number of directors shall be determined as provided in the by-laws. This number shall not exceed twenty (20) and shall not be less than three (3).

## Fifth

**Directors for First Year:** The names and addresses of the Directors who are to manage the affairs of the Corporation for the first year, or until their successors are chosen in the manner provided in the by-laws, are:

E. V. Ellis, Centre, Alabama, Route 1,  
J. D. Lindsey, Centre, Alabama, Route 2,  
T. A. Young, Centre, Alabama, Route 2,  
G. H. Jordan, Centre, Alabama, Route 1,  
[fol. 2600] Eric Moseley, Lyerly, Georgia, Route 2,  
M. H. Copeland, Round Mountain, Alabama, Route 1,  
J. F. Hannah, Leesburg, Alabama, Route 1.

## Sixth

**Duration:** The duration of the corporation shall be perpetual.

## Seventh

**Membership:** The terms and conditions upon which future members of the corporation shall be admitted to membership herein are as follows:

A person desiring to become a member of this corporation shall make application to the Board of Directors in writing for membership, and upon approval by the Board of Directors, or by any officer or officers of the corporation as may be designated by the Board of Directors, shall become a member of the corporation, provided, such person

## COMPLAINANTS' EXHIBIT No. 267

resides in the territory in which the operations of such corporation are to be conducted, and are desirous of using electric energy to be furnished by the corporation and provided such person shall agree to abide by the By-Laws and the provisions of the Certificate of Incorporation, of the corporation, and shall agree to take and pay for such electric energy as may be furnished by said corporation to said person, as such person may have need of, or may consume for residential or other purposes. No person shall become or remain a member of the corporation, unless such person shall use electric energy supplied by the corporation and shall have complied with the provisions of this Certificate of Incorporation and the By-Laws and shall have agreed to abide thereby, and by any amendment thereto, and unless such person shall have paid a membership fee, to be fixed by the By-Laws of the corporation, but not to exceed Ten Dollars (\$10.00).

Any person who shall agree to use energy supplied by the corporation from an existing line, or from a line, the construction of which has been authorized or commenced by the corporation, may be admitted to membership in the corporation upon complying with the other terms and conditions with respect to membership contained in this Certificate of Incorporation or in the By-Laws.

The Board of Directors shall have power to determine in what circumstances and under what conditions more than one membership may, or must, be held by one person. However, the interest of each member shall be equal to that of every other member, and no member of this corporation shall have any greater voice, vote, or privilege in this corporation than any other member, irrespective of the inequality of the numbers of memberships held by the different members of this corporation.

[fol. 2601]

## Eighth

Purposes: The purposes of the corporation shall be to render service to its members, and by so doing, promote and encourage the fullest possible use of electric energy in the State of Alabama, by making electric energy available to the members hereof at the lowest cost consistent with sound economy and prudent management of this business

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of the corporation, and shall include all purposes required and authorized by the Electric Membership Corporation Act of the State of Alabama, and subsequent amendments thereto.

Without in any manner restricting or limiting the foregoing the corporation shall have the following purposes, viz:

To generate, manufacture, purchase, acquire and accumulate electric energy for its members and to transmit, distribute, furnish, sell and dispose of such electric energy to its members, and to such other customers as may validly be served by the corporation pursuant to the said Electric Membership Corporation Act, and subsequent amendments thereto, and by which is provided the conditions and obligations to serve other customers. This service to such other customers being to the class as is provided in this Certificate of Incorporation under the Ninth item, hereof, headed "Powers" and in order to carry out and accomplish any or all of such purposes, to construct, erect, purchase, lease, and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease, exchange and mortgage plants, buildings, works, machinery, equipment, and supplies and electrical transmission and distribution lines or systems, and to generally do and perform any and all things necessary and convenient in connection with, and in the conduction of, the business of a corporation, including, but not limited to the general powers, hereinafter set out, to the end that the purposes may be carried out by the corporation to the mutual benefit of the members.

## Ninth

**Powers:** The Board of Directors shall constitute the governing Board, or Body, of the corporation, and shall be elected at such time as is provided in the By-Laws and shall be elected annually by the members entitled to vote therefor. All Directors, other than those named in this Certificate of Incorporation, shall be members of the corporation, and shall not be entitled to compensation, but shall be entitled to reimbursement for expenses incurred by them in the performance of their duties, as shall be provided in the By-Laws of this corporation. The Board of



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Directors shall have power to do all things necessary or convenient in conducting the business of said corporation, including, but not limited to: (a) The power to adopt and amend By-Laws for the management and regulation of the affairs of the corporation. (b) To appoint, hire, or employ agents and employees, and to fix their compensation, (c) To appoint, select, hire, or employ officers of the corporation and to fix their compensation. (d) To execute [fol. 2602] instruments, (e) To delegate to one, or more, of the agents, employees or the officers of the corporation such powers and duties as they may deem proper, (f) To make its own rules and regulations as to procedure. The corporation shall possess powers to do all things necessary or convenient in conducting the business of the corporation to carry out the purposes for which it was organized. It shall be possessed of, and be authorized to, the exercise and enjoyment of all of the powers, rights, and privileges granted to or conferred upon corporations by the laws of the State of Alabama, now, or hereinafter in force, including, but not limited to the powers granted the corporation under the Electric Membership Corporation Act of Alabama, of 1935, and the subsequent amendments thereto, including, but not limited to the following, viz:

To acquire, own, hold, exercise, and, to the extent permitted by law, to mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses and easements necessary, useful, or convenient for carrying out and accomplishing of any of the purposes of the corporation;

To purchase, lease, and in any manner acquire, own, hold, maintain, sell, lease, exchange, mortgage, pledge, and in any manner dispose of any and all real and personal property which may be necessary, useful or convenient for the carrying out and accomplishing of any of the purposes of the corporation;

To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus, and equipment of any and all kinds and character, and in connection therewith, and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of

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any and all kind and character and to receive, acquire, endorse, pledge, hypothecate and dispose of notes, and any other evidences of indebtedness;

To, in the same manner, furnish electrical energy and such supplies to certain non-member customers, provided the corporation should acquire any electric facilities already dedicated to, or devoted to, the public use, the corporation may, for the purpose of continuing existing service and avoiding hardship, continue to serve the persons directly served from such facilities at the time of such acquisition without requiring that such persons become members in the corporation. However, in no event shall the number of such non-members served exceed forty-nine Percentum (49%) of the total number of persons served by the corporation. Such non-members shall have the right to become members of the corporation upon non-discriminatory terms. The rate for service to such non-members shall be on a cost basis and may exceed the rates to members, but by only such amounts as may be necessary to meet the full actual cost of service to such non-members.

To borrow money, to make and issue notes, bills of exchange, bonds, debentures and other evidences of indebtedness secured or unsecured for moneys borrowed, or in payment for property acquired or for any of the other purposes of the corporation, to secure the payment of such bonds, debentures, notes, or any other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust, upon, or by the pledge or of any other lien upon any or [fol. 2603] all of the property, rights, privileges or franchises of the corporation, whatsoever, and wheresoever situated, acquired, or to be acquired;

To make available electrical generating manufacturings and transmission facilities to other corporations organized for similar purposes under the Statutes of the State of Alabama, or of any other state in the United States;

And to generally do, and perform all such acts, and things as may be useful, necessary, or convenient for the accomplishment of the purposes for which this corporation is organized, not to be limited to the powers above expressed, as the only limitation on the power of this corporation is that all of the operations of the corporation shall

## COMPLAINANTS' EXHIBIT No. 267

ever be on a cooperative basis, not for profit, and for the mutual benefit of, and service to, its members, as such, and such limitation of power as is placed on corporations by the Statutes of the State of Alabama.

In witness whereof, we have hereunto set our hands and seals, as such incorporators aforesaid, on this the 2nd day of February, A. D. 1937.

(Signed) E. V. Ellis. (L. S.) (Signed) J. D. Lindsey. (L. S.) (Signed) T. A. Young. (L. S.) (Signed) Hoyt G. Jordan. (L. S.) (Signed) Eric Moseley. (L. S.) (Signed) M. H. Copeland. (L. S.) (Signed) J. F. Hannah. (L. S.)

STATE OF ALABAMA,  
Cherokee County:

I, Hugh Reed, Jr., a Notary Public, in and for Cherokee County, State of Alabama, hereby certify that E. V. Ellis, J. D. Lindsey, T. A. Young, G. H. Jordan, Eric Moseley, M. H. Copeland, and J. F. Hannah, whose names are signed to the foregoing Certificate of Incorporation, and who are known to me, acknowledged before me on this day that, being informed of the contents of the said Certificate of Incorporation, each executed the same voluntarily on the day the same bears date.

Given under my hand and seal of office, this the 2nd day of February, A. D. 1937.

(Signed) Hugh Reed, Jr., Notary Public.

[fol. 2604] COMPLAINANTS' EXHIBIT No. 268

Certificate of Incorporation of Cullman County Electric Membership Corporation Issued by the State of Alabama on May 27, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 267 with the exception of the names of the directors for the first year.

**COMPLAINANTS' EXHIBIT No. 269**

Certificate of Incorporation of DeKalb County Electric Membership Corporation Issued by the State of Alabama on October 28, 1935

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 267 with the exception of the names of the directors for the first year.

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**COMPLAINANTS' EXHIBIT No. 270**

Certificate of Incorporation of Franklin County Electric Membership Corporation Issued by the State of Alabama on June 19, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 267 with the exception of the names of the directors for the first year.

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**[fol. 2605] COMPLAINANTS' EXHIBIT No. 271**

Certificate of Incorporation of Guntersville Electric Membership Corporation Issued by the State of Alabama on April 24, 1935

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 267 with the exception of the names of the directors for the first year.

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**COMPLAINANTS' EXHIBIT No. 272**

Certificate of Incorporation of Marshall County Electric Membership Corporation Issued by the State of Alabama on October 2, 1935

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 267 with the exception of the names of the directors for the first year.

## COMPLAINANTS' EXHIBIT No. 273

Certificate of Incorporation of Joe Wheeler Electric Membership Corporation Issued by the State of Alabama on March 25, 1937

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 267 with the exception of the names of the directors for the first year.

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## [fol. 2606] COMPLAINANTS' EXHIBIT No. 274

Certificate of Incorporation of Madison County Electric Membership Corporation Issued by the State of Alabama on March 2, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 267 with the exception of the names of the directors for the first year.

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## [fol. 2607] COMPLAINANTS' EXHIBIT No. 275

Electric Franchise Granted by the County Court of Bedford County, Tennessee, on January 6, 1936, to Bedford County Electric Membership Corporation

"Whereas, the United States Gov. through the agency of the Tennessee Valley Authority has made available certain funds for the purpose of bringing to the citizens, rural and urban, residing in the Tennessee Valley, electric power when their conditions have been complied with; and

"Whereas, to comply with said conditions certain citizens of Bedford County have bargained themselves into a body corporate under the name of Bedford County Electric Membership Corporation, and it is their purpose to furnish electric lights and power to rural citizens of this County, who have heretofore been unable to obtain such service and others, and to furnish it at such a cheap rate that any citizen of the county may avail himself of this service; and in order to furnish said service to the citizens of this county it is necessary that said Bedford County Electric Member-

## COMPLAINANTS' EXHIBIT No. 275

ship Corporation be granted a franchise or easement with authority to erect its poles and lines over the roads of the county to reach the citizens who have contracted for said lights and power.

Therefore, on motion of Jno. B. Hall, seconded by John Coop, be it resolved by the County Court of Bedford County that said Bedford County Electric Membership Corporation be granted a franchise or easement over the roads and highways of Bedford County to erect its poles and construct its electric lines and maintain the same; and in consideration of the low cost of said service to the citizens of this County, no charge will be made for said easement."

(For brevity other portions of this exhibit are omitted.)

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[fol. 2608] COMPLAINANTS' EXHIBIT No. 276

(Omitted)

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[fol. 2609] COMPLAINANTS' EXHIBIT No. 277

Electric Franchise Granted by the County Court of Bradley County, Tennessee, on August 30, 1937, to Meigs County Electric Membership Corporation

. . . . .

"Be It Further Resolved, That the said Meigs County Electric Membership Corporation, its successors and assigns, be and it is hereby given, granted and conveyed the right, privilege and authority, forever, to erect, construct, maintain and operate electric transmission and distribution line or lines, including poles, towers, wires, insulators, transformers, arms, braces and other necessary or usual attachments and appliances along, across over and under the public roads and highways of this County, for the purpose of transmitting and distributing electricity of light, power, heat or any other purpose whatever.

"Be It Further Resolved, that the said Meigs County Electric Membership Corporation, its successors and as-



## COMPLAINANTS' EXHIBIT No. 277

signs, is hereby granted and extended the right and privilege of selling electricity for light, heat, power or any other purpose whatever to any person or persons, firm or corporation within said County; Provided only, that nothing herein shall be construed to relieve or excuse said Corporation, its successors or assigns for the payment of any license or tax on the business engaged in, lawfully assessed, now in effect or hereafter to be enacted.

"Be It Further Resolved, that the above and foregoing right, authority and privileges are given and granted with the express stipulation and provisions that whenever State or County authorities change the width, grade or location of any road or highway that said Corporation will, at its own expense, whenever necessary, remove and re-set its poles, towers, guide wires, braces and attachments to conform to such new grade, width or location of said road or highway; and the County reserves the right to have all or any part of the work incident to the erection and construction of said transmission line or lines carried on under the reasonable direction and supervision of such person or persons to whom the County Court may delegate such authority.

"Be It Further Resolved, that said rights and privileges are granted and given with the express conditions and stipulations that none of said poles, towers, guide wires, braces or other apparatus or appliances are to be erected, used or maintained in such manner as to block, obstruct, interfere or impede travel on any of the roads or highways of Bradley County.

"Be It Further Resolved, that nothing herein shall be construed to grant or give to said Corporation, its successors or assigns any exclusive rights, privileges or franchises."

. . . . .  
(For brevity other portions of this exhibit are omitted.)

## [fol. 2610] COMPLAINANTS' EXHIBIT No. 278

Electric Franchise Granted by the County Court of Bradley County, Tennessee, on August 30, 1937, to North Georgia Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

## COMPLAINANTS' EXHIBIT No. 279

Electric Franchise Granted by the County Court of Bradley County, Tennessee, on August 30, 1937, to Bradley County Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

## [fol. 2611] COMPLAINANTS' EXHIBIT No. 280

Electric Franchise Granted by the County Court of Carroll County, Tennessee, on October 5, 1936, to Gibson County Electric Membership Corporation

“Therefore, Be It Resolved by this County Court of Carroll County that Gibson County Electric Membership Corporation, its successor and assigns, is hereby granted the right and privilege to construct, erect, maintain and operate electric transmission lines, including poles, lines, wires, insulators, transformers, arms, braces and all other necessary or usual attachments and appurtenances along, across, over, under and on the streets, lanes, highways, public roads and other public places in said County, and to construct, erect, maintain and operate electric transmission and distribution lines, wires, insulators, transformers, arms, braces and all other necessary or usual attachments and appurtenances anywhere in said County.

After hearing said resolution R. McNatt made a motion which was duly seconded that the matter be referred to a committee and that they report at 1 o'clock P. M.

**COMPLAINANTS' EXHIBIT No. 280**

Thereupon, Judge Enochs named W. G. Bullock, A. H. Jones and L. E. Smith to investigate and report their findings.

Said Committee reported favorable and recommended its adoption. Thereupon the said Resolution was unanimously adopted, a lawful Court present and voting for same."

(For brevity other portions of this exhibit are omitted.)

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**[fol. 2612] COMPLAINANTS' EXHIBIT No. 281**

Electric Franchise Granted by the County Court of Chester County, Tennessee, to the Madison County Electric Membership Corporation for a Period of 99 Years

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

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**COMPLAINANTS' EXHIBIT No. 282**

Electric Franchise Granted by the County Court of Chester County, Tennessee, to the Pickwick Electric Membership Corporation for a Period of 99 Years

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

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**COMPLAINANTS' EXHIBIT No. 283**

Electric Franchise Granted by the County Court of Chester County, Tennessee, to West Tennessee Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

**[fol. 2613] COMPLAINANTS' EXHIBIT No. 284**

**Electric Franchise Granted by the County Court of Chester County, Tennessee, to the Southwestern Tennessee Electric Membership Corporation for a Period of 99 Years**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

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**COMPLAINANTS' EXHIBIT No. 285**

**Electric Franchise Granted by the County Court of Coffee County, Tennessee, to Duck River Electric Membership Corporation**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

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**COMPLAINANTS' EXHIBIT No. 286**

**Electric Franchise Granted by the County Court of Crockett County, Tennessee, to Southwest Tennessee Electric Membership Corporation**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

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**[fol. 2614] COMPLAINANTS' EXHIBIT No. 287**

**Electric Franchise Granted by the County Court of Crockett County, Tennessee, to West Tennessee Electric Membership Corporation for a Period of 50 Years**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

**COMPLAINANTS' EXHIBIT No. 288**

Electric Franchise Granted by the County Court of Crockett County, Tennessee, to the Gibson County Electric Membership Corporation for a Period of 99 Years

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

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**COMPLAINANTS' EXHIBIT No. 289.**

Electric Franchise Granted by the County Court of Cumberland County, Tennessee, to Meigs County Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

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**[fol. 2615] COMPLAINANTS' EXHIBIT No. 290**

Electric Franchise Granted by the County Court of Dyer County, Tennessee, to Gibson County Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

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**COMPLAINANTS' EXHIBIT No. 291**

Electric Franchise Granted by the County Court of Franklin County, Tennessee, to Duck River Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

**COMPLAINANTS' EXHIBIT No. 292**

**Electric Franchise Granted by the County Court of Gibson County, Tennessee, on April 6, 1936, to Gibson County Electric Membership Corporation for a Period of 99 Years**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

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**[fol. 2616] COMPLAINANTS' EXHIBIT No. 293**

**Electric Franchise Granted by the County Court of Gibson County, Tennessee, on July 6, 1936, to West Tennessee Electric Membership Corporation**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

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**COMPLAINANTS' EXHIBIT No. 294**

**Electric Franchise Granted by the County Court of Gibson County, Tennessee, to West Tennessee Electric Membership Corporation**

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 295**

**Electric Franchise Granted by the County Court of Giles County, Tennessee, to Duck River Electric Membership Corporation**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.



[fol. 2617] COMPLAINANTS' EXHIBIT No. 296

Electric Franchise Granted by the County Court of Hamilton County, Tennessee, on April 6, 1936, to Meigs County Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

COMPLAINANTS' EXHIBIT No. 297

Electric Franchise Granted by the County Court of Hamilton County, Tennessee, on July 6, 1936, to North Georgia Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

[fol. 2618] COMPLAINANTS' EXHIBIT No. 298

Resolution by the County Court of Haywood County,  
Tennessee

(Omitted)

[fol. 2619] COMPLAINANTS' EXHIBIT No. 299

Electric Franchise Granted by the County Court of Hickman County, Tennessee, on April 5, 1937, to Duck River Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

COMPLAINANTS' EXHIBIT No. 300

Electric Franchise Granted by the County Court of Lauderdale County, Tennessee, to Southwest Tennessee Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

**COMPLAINANTS' EXHIBIT No. 301**

**Electric Franchise Granted by the County Court of Madison County, Tennessee, to Gibson County Electric Membership Corporation for a period of 99 years**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

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[fol. 2620] **COMPLAINANTS' EXHIBIT No. 301-A**

**Electric Franchise Granted by the County Court of Madison County, Tennessee, to Madison County Electric Membership Corporation for a period of 99 Years**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

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**COMPLAINANTS' EXHIBIT No. 301-B**

**Electric Franchise Granted by the County Court of Madison County, Tennessee, to West Tennessee Electric Membership Corporation**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

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[fol. 2621] **COMPLAINANTS' EXHIBIT No. 301-C**

**Electric Franchise Granted by the County Court of Madison County, Tennessee, to Southwest Tennessee Electric Membership Corporation for a Period of 99 Years**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277 except the amendment thereto, which is as follows:

A Resolution amending resolution granting franchise to TVA in Madison County was presented to the Court as follows:

"Whereas, the Quarterly County Court of Madison County, Tennessee, at its October Term 1936, by resolution,

## COMPLAINANTS' EXHIBIT No. 301-C

granted the Southwest Tennessee Electric Membership Corporation the right and privilege to construct, erect, maintain and operate electric transmission and distribution lines along, across, over, under, and on the streets, lanes, highways, public roads and other public places in said County, but said right and privileges so granted did not extend to or run in favor of the successors and assigns of Southwest Tennessee Electric Membership Corporation.

Whereas, it is essential to the United States Government and to the Southwest Tennessee Electric Membership Corporation that said right and privilege run in favor of the successors and assigns of Southwest Tennessee Electric Membership Corporation.

Now, therefore, be it resolved that this Quarterly County Court of Madison County, Tenn., at its April Term, 1937, that the Resolution heretofore adopted granting the aforesaid right and privilege to Southwest Tennessee Electric Membership Corporation be and the same hereby is amended so as to make the right and privilege heretofore granted to Southwest Tennessee Electric Membership Corporation extend to and run in favor of said Southwest Tennessee Electric Membership Corporation, its successors and assigns.

Motion made by Esquire R. L. Ozier, seconded by J. S. Matthews, that the same be accepted.

Motion carried by a vote of 26 to nothing.

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[fol. 2622] COMPLAINANTS' EXHIBIT No. 302

Electric Franchise Granted by the County Court of Marshall County, Tennessee, to Duck River Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

**COMPLAINANTS' EXHIBIT No. 303**

**Electric Franchise Granted by the County Court of Maury County, Tennessee, to Duck River Electric Membership Corporation**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

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**COMPLAINANTS' EXHIBIT No. 304**

**Electric Franchise Granted by the County Court of McMinn County, Tennessee, to Meigs County Electric Membership Corporation, on April 6, 1936**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

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[fol. 2623] **COMPLAINANTS' EXHIBIT No. 305**

**Electric Franchise Granted by the County Court of Meigs County, Tennessee, on April 6, 1936, to Meigs County Electric Membership Corporation**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

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**COMPLAINANTS' EXHIBIT No. 306**

**Electric Franchise Granted by the County Court of Moore County, Tennessee, on July 6, 1936, to Duck River Electric Membership Corporation**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

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**COMPLAINANTS' EXHIBIT No. 307**

**Electric Franchise Granted by the County Court of Obion County, Tennessee, April 6, 1936, to Gibson County Electric Membership Corporation**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

[fol. 2624] COMPLAINANTS' EXHIBIT No. 308

Electric Franchise Granted by the County Court of Obion County, Tennessee, on July 6, 1936, to West Tennessee Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

[fol. 2625] COMPLAINANTS' EXHIBIT No. 309

Electric Franchise Granted by the County Court of Rhea County, Tennessee

"TVA Transmission Lines to be Erected on Rights-of-Way

Motion was made by Esq. Boles, duly seconded by Sanborn that the County Court permit the TVA to erect transmission lines on the Rights of way of Rhea County to the extent that they do not interfere with traffic.

Resolution as follows:

Resolution

For the support of the rural electrification program in Rhea County.

Whereas, the rural people of Rhea County are anxious to obtain electric power distributed by the Tennessee Valley Authority and are interested in formulating a set-up whereby said electricity may be distributed cooperatively and,

Whereas, the Rhea County Quarterly Court desires to cooperate with the TVA and the proposed Electrification program,

Therefore, Be It Resolved, that an association that may be set up to distribute this power is authorized to use the County Rights-of-way for the erection of its transmission lines whenever such Rights of way can be used to advantage, such authorization to be used with discretion so as not to interfere with maintenance and public use of such Rights of way.

Passed, This the 1st day of April, 1935.

Attest: Floyd Knight, County Judge. Ralph Porter, County Clerk.

## COMPLAINANTS' EXHIBIT No. 309

Upon roll call the following Justices voted "Aye" for the motion. Baber, Boles, Bower, Caldwell, Chattin, Kemmer, Odom, Sanborn, Smith, Spence, Taylor, Washburn.

Absent: Barton, Conner, Morgan, Vaughn.

Motion carried and so ordered."

• • • • •

(For brevity other portions of this exhibit are omitted.)

[fol. 2626] COMPLAINANTS' EXHIBIT No. 309-A

Resolution by County Court of Rhea County, Tennessee

Rural Electrification Resolution Amendment

"Be it resolved by the Quarterly County Court of Rhea County, that the resolution adopted by the Court on Monday, October 7, 1935, recorded in current Minute Book, pages 272 and 273, granting to City of Dayton a franchise for use of public roads of Rhea County for erection of electric transmission lines be and same is hereby amended by adding name of Meigs County Electric Membership Corporation and granting same rights to said Meigs County Electric Membership Corporation as are granted therein to City of Dayton to use public roads in the first and second districts of Rhea County with same rights and privileges and under same conditions as granted in said original resolution to City of Dayton. This amended resolution does not grant an exclusive franchise on any road covered by it.

Motion was made by esquire Sanborn duly seconded by esquire Chattin to pass the foregoing resolution.

Upon roll call the following justices voted "aye" for the motion:

Baber, Boles, Chattin, Kemmer, Morgan, Odom, Sanborn, Smith, Spence, Taylor, Vaughn and Washburn.

Those absent: Barton, Caldwell and Conner.

The Judge declared the motion carried and so ordered."

• • • • •

For brevity other portions of this exhibit are omitted.



[fol. 2627] **COMPLAINANTS' EXHIBIT No. 310**

Electric Franchise Granted by the County Court of Roane County, Tennessee, on April 6, 1936, to Meigs County Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

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**COMPLAINANTS' EXHIBIT No. 311**

Electric Franchise Granted by the County Court of Rutherford County, Tennessee, to Duck River Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

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**COMPLAINANTS' EXHIBIT No. 312**

Electric Franchise Granted by the County Court of Rutherford County, Tennessee, to Middle Tennessee Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

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[fol. 2628] **COMPLAINANTS' EXHIBIT No. 313**

Electric Franchise Granted by the County Court of Rutherford County to Bedford County Electric Membership Corporation

"In re Bedford County Electric Membership Corporation

"Esq. A. A. Gobelet offered the following resolution and moved its adoption:

"Whereas, the United States Government, through the agency of the Tennessee Valley Authority, has made available certain funds for the purpose of bringing to the citizens rural and urban, residing in the Tennessee Valley,

## COMPLAINANTS' EXHIBIT No. 313

electric power when their conditions have been complied with; and

"Whereas, to comply with said conditions certain citizens of Bedford County have organized themselves into a body corporate under the name of Bedford County Electric Membership Corporation, and it is further their purpose to furnish electric lights and power to rural citizens of this county, who have heretofore been unable to obtain such service and others, and to furnish it at such a cheap rate that any citizen of the County may avail himself of this service; and in order to furnish said service to the citizens of this County it is necessary that said Bedford County Electric Membership Corporation be granted a franchise or easement with authority to erect its poles and lines over the roads of the county to reach the citizens who have contracted for said lights and power:

"Therefore on motion of J. C. Couch, seconded by C. E. Robinson, be it resolved by the County Court of Rutherford County that said Bedford County Electric Membership Corporation be granted a franchise or easement over the roads and highways of Rutherford County to erect its poles and construct its electric lines and maintain the same, and in consideration of the low cost of said services to the citizens of this county, no charge will be made for said easement."

. . . . .

(For brevity other portions of this exhibit are omitted.)

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[fol. 2629] COMPLAINANTS' EXHIBIT No. 314

Electric Franchise Granted by the County Court of Shelby County, Tennessee, on October 19, 1936, to Southwest Tennessee Electric Membership Corporation for a Period of 99 years

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

## COMPLAINANTS' EXHIBIT No. 315

Electric Franchise Granted by the County Court of Smith County, Tennessee, on July 6, 1936, to the Middle Tennessee Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

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## COMPLAINANTS' EXHIBIT No. 316

Electric Franchise Granted by the County Court of Tipton County, Tennessee, to Southwest Tennessee Electric Membership Corporation, for a period of 99 years

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 277.

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## [fol. 2630] COMPLAINANTS' EXHIBIT No. 317

Electric Franchise Granted by the County Court of Truesdale County, Tennessee, to the Middle Tennessee Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

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## COMPLAINANTS' EXHIBIT No. 318

Electric Franchise Granted by the County Court of Williamson County, Tennessee, to Duck River Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

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## COMPLAINANTS' EXHIBIT No. 319

Electric Franchise Granted by the County Court of Wilson County, Tennessee, to Middle Tennessee Electric Membership Corporation

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 280.

## [fol. 2631] COMPLAINANTS' EXHIBIT No. 320

A map of the State of Tennessee showing the counties which have granted electric franchises to cooperative associations or membership corporations.

(Original Exhibit)

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## [fol. 2632] COMPLAINANTS' EXHIBIT No. 321

A map of Tennessee showing counties which have granted electric franchises to TVA, counties which have granted electric franchises to electric membership corporations and counties which have granted electric franchises to both TVA and electric membership corporations.

(Original Exhibit)

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## [fol. 2633] COMPLAINANTS' EXHIBIT No. 322

Copy

Certificate of the Secretary of State of Tennessee That  
TVA Has Not Qualified to do Business in Tennessee

State of Tennessee

Office of the Chief Executive

I, Gordon Browning, Governor of the State of Tennessee, hereby certify that A. B. Broadbent, whose signature appears to the instrument of writing hereto annexed, was at the time of affixing the same thereto and continuously since then has been Secretary of State of the State of Tennessee, and as such had and has custody of the Official Records of the State of Tennessee in relation and respect to the Qualification of Corporations of other States or Countries and their Admission into this State to engage in business herein, and that as such Secretary of State he has charge and custody of The Great Seal of the State of Tennessee and the right and power to attach it to Certificates of the kind hereto annexed; and I certify that the said Attestation hereto attached and The Great Seal of the State annexed

## COMPLAINANTS' EXHIBIT No. 322

thereto are in due form and made and attached by the proper officer.

In Witness Whereof I have executed this Certificate at Office in the Capitol Building in Nashville, Tennessee, on this the 8th day of October, A. D. 1937.

(Signed) Gordon Browning, Governor.

[fol. 2634]

Copy

(Seal)

## State of Tennessee

I, A. B. Broadbent, Secretary of State of the State of Tennessee, hereby certify that Tennessee Valley Authority understood to be a Corporation created by Act of Congress in 1933, has not filed in the office of the Secretary of State of Tennessee a copy of its Charter, or of any Amendments to its Charter, and has not designated in said Office an Agent for Service of Process and has not taken in said Office any of the steps prescribed in Sections 4118, 4119 and 4120 of the Code of Tennessee for the admission of Corporations of other States or Countries into this State to engage in business.

In Witness Whereof I have executed this Certificate at Office in the Capitol Building, and have affixed hereunto the Great Seal of the State of Tennessee, all at Nashville, Tennessee, on this the 15th day of September, A. D. 1937.

(Signed) A. B. Broadbent, Secretary of State.

[fol. 2635] COMPLAINANTS' EXHIBIT No. 323

Certificate of the Secretary of State of Georgia That TVA Has Not Qualified to do Business in Georgia

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 322.

**COMPLAINANTS' EXHIBIT No. 324**

**Certificate of the Secretary of State of Mississippi That  
TVA Has Not Qualified to do Business in Mississippi**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 322.

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**COMPLAINANTS' EXHIBIT No. 325**

**Certificate of the Secretary of State of Alabama That TVA  
Has Not Qualified to do Business in Alabama**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 322.

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**[fol. 2636] COMPLAINANTS' EXHIBIT No. 326**

A map of the Northern Division of the Alabama Power Company showing thereon lines owned and operated by TVA, lines of cooperatives and municipalities constructed or under construction by TVA distributing TVA power, lines of cooperatives and municipalities acquired by TVA and sold to such cooperatives and municipalities and distributing TVA power and lines of the Alabama Power Company.

(Original Exhibit)

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**[fol. 2637] COMPLAINANTS' EXHIBIT No. 327**

A map entitled "Transmission and Distribution Systems of the Complainant Companies and Transmission Lines of Others Situated within 250 miles of any TVA Dam, whether Constructed or Authorized or Recommended for Construction."

(Original Exhibit)

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**[fol. 2638] COMPLAINANTS' EXHIBIT No. 328**

Report to the Congress "On The Unified Development of the Tennessee River System" submitted by the Board of Directors of the Tennessee Valley Authority, March 1936.

(Original Exhibit)



[fol. 2639] COMPLAINANTS' EXHIBIT No. 329 (Excluded)

A map of a portion of the State of Georgia showing the transmission and distribution lines of Georgia Power Company, distribution lines of North Georgia Electric Membership Corporation and lines of others.

(Original Exhibit)

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[fol. 2640] COMPLAINANTS' EXHIBIT No. 330 (Excluded)

A map entitled "Transmission system and connections of the Georgia Power Company".

(Original Exhibit)

[fol. 2641]

## COMPLAINANTS' EXHIBIT No. 331 (Excluded)

Georgia Power Company Sales and Customers

Within 100, 150 and 250 Miles of T. V. A. Dams\*\*

	Year 1933		Year 1936	
	CuSta.	Kwh.	CuSta.	Kwh.
Within 100 miles				
Residential.....	69,391*	59,948,705*	85,650	68,958,382
Commercial.....	14,909	86,952,653	16,744	129,349,964
Street Lighting.....	97	8,796,153	107	11,854,811
Industrial.....	192	304,906,450	203	370,207,457
Wholesale Municipal.....	17	20,031,740	15	27,673,018
Total Zone 1.....	84,606	480,635,701	102,719	688,043,662
Within 150 Miles				
Residential.....	73,884*	64,172,061*	91,222	105,928,132
Commercial.....	15,835	91,752,653	17,794	136,449,964
Street Lighting.....	125	9,286,153	138	12,464,811
Industrial.....	262	435,544,180	273	540,624,947
Wholesale Municipal.....	33	37,640,450	31	55,467,218
Total Zone 2.....	90,139	638,395,447	109,458	850,935,072
Within 250 Miles				
Residential.....	111,382*	86,218,200*	138,907	155,240,116
Commercial.....	27,504	124,769,631	32,551	187,346,125
Street Lighting.....	274	13,929,378	276	17,192,955
Industrial.....	416	641,416,675	439	822,014,817
Wholesale Municipal.....	38	47,559,515	36	70,262,724
Total Zone 3.....	139,614	913,893,699	172,209	1,252,086,737

\* Includes the Rural Service, both residential and commercial.

\*\* Chickamauga, Guntersville and Hiwassee Dams.

[fol. 2642] COMPLAINANTS' EXHIBIT No. 332 (Excluded)

Map entitled "Transmission and Distribution Lines in the Area Penetrated by TVA as of November 1, 1937".

(Original Exhibit)

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COMPLAINANTS' EXHIBIT No. 332-A

Map entitled "Transmission and Rural Distribution Lines, Completed, Under Construction and Proposed in the Area Penetrated by TVA as of November 1, 1937".

(Original Exhibit)

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COMPLAINANTS' EXHIBIT No. 333 (Excluded)

Map entitled "Transmission Lines and Principal Load Centers of TVA and Complainant Companies Situated Within 100 Miles of any TVA Dam Constructed or Authorized or Recommended for Construction".

(Omitted)

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[fol. 2643] COMPLAINANTS' EXHIBIT No. 333-A

Map entitled "TVA Transmission Lines Completed, Under Construction and Proposed and Principal Load Centers of TVA and Complainant Companies Situated Within 100 Miles of Any TVA Dam Constructed or Authorized or Recommended For Construction".

(Original Exhibit)

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COMPLAINANTS' EXHIBIT No. 334

Chart entitled "Design Of A System To Serve Existing TVA Loads".

(Original Exhibit)

**COMPLAINANTS' EXHIBIT No. 335 (Excluded)**

Map entitled "Transmission Lines of Complainant Companies and Principal Load Centers of TVA and Complainant Companies Situated Within 100 Miles of Any TVA Dam Constructed or Authorized or Recommended For Construction".

(Omitted)

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**[fol. 2644] COMPLAINANTS' EXHIBIT No. 335-A**

Map entitled "Transmission Lines Of Complainant Companies Completed And Under Construction, And Principal Load Centers Of TVA And Complainant Companies Situated Within 100 Miles Of Any TVA Dam Constructed Or Authorized Or Recommended For Construction."

(Original Exhibit)

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**[fols. 2645-2649] COMPLAINANTS' EXHIBIT No. 336**

A map entitled "Progress Of Construction Of Lines Of The Tennessee Electric Power Company and Predecessor Companies."

(Original Exhibit)

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**COMPLAINANTS' EXHIBIT No. 337 (Excluded)**

Letter of the Railroad and Public Utilities Commission of the State of Tennessee dated May 14, 1937.

(Omitted)

## COMPLAINANTS' EXHIBIT No. 339 (Excluded)

[fol. 2650]

Yates Bleachery Co.

Max. Demand.....160 kw.  
 Energy per Month.....21600 kwh.

## Tenn. Elect. Power Rate

Demand—160 kw. @ \$1.50.....	\$240.00
1st 500 kwh. @ 4¢.....	20.00
Next 1,500 " @ 2¢.....	30.00
" 2,500 " @ 1.5¢.....	37.50
" 3,500 " @ 1.25¢.....	43.75
" 13,600 " @ 1¢.....	136.00
	<hr/>
21,600	\$507.25
Less 5% 10 days.....	25.36
	<hr/>
	\$481.89

Minimum \$1.58 per kw. of Max. demand—Net Bill correction if  
 Power factor is less than 80%.

## Tenn. Valley Authority

Demand 160 kw. @ \$1.00.....	\$160.00
10,000 kwh. @ 1¢.....	100.00
11,600 " @ .6¢.....	69.60
	<hr/>
21,600	\$329.60
Plus 10% surcharge.....	32.96
	<hr/>
Net Bill.....	\$362.56
Minimum 160 x \$6.....	\$960 per year.

## Yates Bleachery Co.

## Ga. Power Co.

Demand 160 kw. @ \$1.11.....	\$177.50
20,000 kwh. @ 1.44¢.....	288.00
1,600 " @ 1.11¢.....	17.78
	<hr/>
	\$483.28
Less 10% 10 days.....	48.32
	<hr/>
Net Bill.....	\$434.96

[fol. 2651] COMPLAINANTS' EXHIBIT No. 340

Memorandum showing business address of T. R. Hunnicutt, Division Manager of TVA.

(Omitted)

## Industrial Power Contract

This Contract, made this 5 day of April, 1937 by and between Name: Yates Bleachery Company; Address: Flintstone, Georgia, Hereinafter called the "Customer", and the North Ga. Elect. Membership Corporation hereinafter called the "Distributor": with office at Dalton, Georgia.

Witnesseth:

Whereas, Customer has applied to Distributor for electricity for the operation of a bleachery, at Flintstone, Georgia.

Now, Therefore, in consideration of the mutual covenants and agreements hereinafter set forth, the parties mutually agree as follows:

1. The Distributor will supply and the Customer will take and pay for all the electricity required for the operation of a bleachery at Flintstone, Georgia up to a maximum demand of 175 kw., in accordance with the terms hereof and the schedule of Rules and Regulations attached hereto and made a part hereof.
2. The minimum quantity of electricity contracted for hereunder and to be paid for by the Customer shall be a minimum demand of — kw.
3. Attached hereto and hereby made a part hereof is a [fol. 2653] rate schedule designated Rate Schedule B-3, and the electricity sold hereunder shall be purchased and paid for by the Customer according to the provisions of said Rate Schedule B-3, except as modified by this agreement, including a surcharge of 10% and an amortization charge of 1¢ per kwh. for the first 100 kwh. per month, the minimum amortization charge to be \$0.25 and the maximum \$1.00 per month.
4. The electricity furnished hereunder shall be in the form of 3-phase, alternating current, at approximately 60 cycles and 2300 volts.
5. The Point of Delivery for the electricity supplied hereunder shall be at the bleachery and maintenance by Distributor of approximately the above stated voltage and frequency at said Point of Delivery shall constitute delivery of electricity for the purposes of this contract. The electricity



## COMPLAINANTS' EXHIBIT No. 341

to be supplied Customer hereunder shall be metered at the low tension side of the step-down transformer bank or banks of a substation to be constructed, owned, and operated by Distributor, and Distributor will install only such protective devices as in its opinion are necessary for the protection of its transformer bank or banks and/or the transmission line or transmission lines supplying power to such sub-station. Customer shall furnish Distributor gratis with a suitable substation site for the period hereof, the transformer banks and other equipment installed thereon to [fol. 2654] be considered the personal property of Distributor. Distributor shall have free right of ingress and egress on said site, and Customer shall supply a right-of-way over Customer's property to such site.

6. The term of this contract shall be 5 years. This contract shall begin on the date of the delivery of electricity hereunder is actually begun, which it is estimated will be approximately on or about May 15, 1937, and shall be considered renewed for a year from the expiration of said term, and from year to year thereafter, unless a written notice to the contrary is given by either party to the other at least three months prior to the expiration of the term of the contract or any then existing renewal thereof.

7. This contract shall inure to the benefit of and be binding upon the respective heirs, legal representatives, successors and assigns of the parties hereto, but it is not assignable by Customer without written consent of Distributor.

In Witness Whereof the parties hereto have caused this contract to be duly executed in duplicate the day and year first above written.

— — —, Distributor, by — — —.

— — —, Customer, By — — —, — — —, Official Capacity.

[fol. 2655] Schedule of Terms and Conditions

1. Measurement of Demand, Energy and Power Factor.— Demand energy measurements shall be made by suitable instruments at the point or points of delivery or may, at the option of Authority, be made at some other point or points

## COMPLAINANTS' EXHIBIT No. 341

where housing facilities are available or may be made available and/or operation simplified; Provided, however, that in the event the metering is effected at some other location than at the point of delivery, suitable correction shall be made by Authority of the amounts determined at such location so that the adjusted amounts will as far as possible reflect the exact quantities delivered at the actual point or points of delivery.

Authority will, at its own expense, install and maintain the necessary meters for measuring the maximum demand and the amount of energy furnished Customer, Provided, that should these meters fail or be found inaccurate the maximum demand and amount of energy delivered will be estimated by Authority from the best information available. Authority may also, at its option, from time to time measure power factor. Customer shall permit the use of its housing facilities, ducts and supports for Authority's metering equipment.

2. Meter Tests.—Authority will, at its own expense, and in the presence of representatives of Customer, make periodical tests and inspections of its meters in order to maintain a high standard of accuracy. Authority will make [fol. 2656] additional tests or inspection of its meters at the request of Customer, and in the presence of representatives of Customer. If such additional tests show that the meter is accurate within 2%, slow or fast, no adjustment will be made in Customer's bill and the cost of making test will be paid by Customer. In case the tests show the meter to be in excess of 2%, fast or slow, an adjustment shall be made in Customer's bill over a period of not over thirty (30) days prior to date of such test, and cost of making test shall be borne by Authority.

3. Customer's Lines and Equipment—Ownership.—All lines and substations from Point of Delivery (as defined in the contract of which these terms and conditions are a part,) and all electrical equipment, except the metering equipment of Authority, located on Customer's side of such Point of Delivery, shall be furnished and maintained by Customer.

4. Inspections.—Authority shall have the right, but shall not be obligated, to inspect any installation before elec-

## COMPLAINANTS' EXHIBIT No. 341

tricity is introduced or at any later time, and reserves the right to reject any wiring or equipment not in accordance with Authority's reasonable standards; but such inspection, or failure to inspect, or to reject, shall not render Authority liable or responsible for any loss, damage, or accident resulting from defects in the installation of any electrical equipment, or from violation of the contract of which these [fol. 2657] terms and conditions are a part.

5. Customer's Responsibility for Authority's Property.—All meters, service conditions, and other equipment furnished by Authority shall be, and remain, the property of Authority. Customer shall exercise proper care to protect the property of Authority on Customer's premises, and in the event of loss or damage to Authority's property, arising from neglect of Customer to care for same, the cost of necessary repairs or replacement shall be paid by Customer.

6. Rights of Access.—Authority's identified employees shall have access to Customer's premises at all reasonable times, for the purpose of reading meters, and for testing, repairing, renewing or exchanging any or all equipment belonging to Authority.

7. Additional Load.—The service connection, transformers, meters, and equipment supplied by Authority for Customer have definite capacity and no addition to Customer's equipment or load connected thereto, in excess of such capacity, shall be made except after reasonable notice to Authority. Failure to give such notice of additions or changes in load shall render Customer liable for any damage to Authority's lines or equipment caused by the additional or changed installation.

8. Customer's Lines and Equipment—Standards.—All lines and equipment of Customer must conform to accepted modern practice, as exemplified by the requirements of the [fol. 2658] National Electrical Safety Code and the National Electric Code.

9. Billing.—Bills will be rendered monthly and shall be paid within ten (10) days from date of bill at the office of Authority. Failure to receive bill will not release Customer from payment obligation. Should bills not be paid as above,

## COMPLAINANTS' EXHIBIT No. 341

Authority may at any time thereafter, upon five (5) days' written notice to Customer, discontinue service. Discontinuance of supply under this section shall not relieve Customer of its liability for the agreed minimum monthly payment during the time the supply of energy is so discontinued. Bills paid on or before the final date of payment shall be payable at the net rates, but thereafter the gross rates shall apply. Should the final date for payment of the bill at the net rates fall on a Sunday or holiday, the business day next following the final date will be held as a day of grace for delivery of payment. Net rate remittance received by mail after the time limit for payment of said net rates will be accepted by Authority, if the incoming envelope bears United States Post Office date stamp of the final date for payment of the net amount, or any date prior thereto.

10. Interruption of Service.—Authority will furnish energy as agreed upon continuously so far as reasonable diligence will permit; but Authority, its officers, agents or employees shall not be liable for damages when, for any reason, suspensions of the operation of the generation and [fol. 2659] transmission system serving Customer, or any part thereof, interfere with the delivery of electric energy to Customer nor shall such an interruption constitute a breach of this contract on the part of Authority, but Authority shall make appropriate adjustment of the demand charge in the event of an interruption.

11. Voltage Fluctuations Caused by Customer.—Electric service must not be used in such a manner as to cause unusual fluctuations or disturbances to Authority's system. Authority may require Customer at its own expense to install suitable apparatus to reasonably limit such fluctuations.

12. Balancing of Loads.—Customer shall at all times rake and use energy in such manner that the load will be balanced between phases to within 10%. In the event of unbalanced polyphase loads, Authority reserves the right to require Customer at its own expense to make the necessary changes to correct this condition, or to compute the balancing demand on the assumption that the load of each phase is equal to that on the greatest phase.

## COMPLAINANTS' EXHIBIT No. 341

13. Notice of Trouble.—Customer shall notify Authority immediately should the service be unsatisfactory for any reason, or should there be any defects, trouble, or accidents affecting the supply of electricity. Such notices, if verbal, should be confirmed in writing.

[fol. 2660] 14. Single Point Delivery.—Unless otherwise specifically provided in this contract, if service is rendered from more than one substation, or through more than one transformation at the same substation, Authority will bill Customer for energy (but not demand) at each substation or additional transformation separately.

15. Submetering or resale.—Except as otherwise specifically provided, the energy supplied hereunder is for the use of Customer only, and shall not be submetered or resold, except at reasonable rates, for domestic and commercial uses to the extent incident to Customer's industrial operations.

16. Conflict.—In case of conflict between any express contractual provision or any provision of the Rate Schedule and these Terms and Conditions, the Contract or Rate Schedule shall apply.

[fol. 2661] Tennessee Valley Authority

Department of Electricity

Basic Industrial Rate

Schedule B-3

Availability

Available to all industrial and all large non-residential light, heat, and power customers having demands greater than 20 kw. and/or customers whose average monthly usage exceeds 4,000 kwh. Customers with demands not greater than 20 kw. and using on the average not in excess of 4,000 kwh. per month will be billed according to the Basic Commercial Rate, Schedule B-2.

Character of Service.

Alternating current, three-phase, sixty cycles. Voltage supplied will be at the discretion of Contractor and will be

## COMPLAINANTS' EXHIBIT No. 341

determined by the voltage available from distribution lines in the vicinity and/or other conditions.

## Demand Charge:

## Rate

First 1,000 kw. of demand per month @ \$1.00 per kw.  
Excess over 1,000 kw. of demand per month @ \$0.90 per kw.

## Energy Charge:

First.....	10,000 kwh. consumed per month @	10 mills per kwh.
Next.....	25,000 kwh.	@ 6 " " "
Next.....	65,000 kwh.	@ 4 " " "
Next.....	400,000 kwh.	@ 3 " " "
Next.....	1,500,000 kwh.	@ 2.5 " " "
Excess over.....	2,000,000 kwh.	@ 2 " " "

Charge for energy in excess of 360 times the demand shall be subject to a reduction of 0.5 mills per kwh. from the otherwise applicable rate.

## [fol. 2662] Determination of Demand.

Demand measurement shall be made by suitable instruments at the point of delivery, except, at the option of the Contractor, demand may be determined by inspection or test. Demand for any month shall be defined as the highest integrated load during any thirty (30) minute period during the month for which determination is made.

## Adjustment of Demand Charge for Power Factor

Demand charge may be adjusted, if and when Contractor deems necessary, to correct for power factors lower than eighty-five per cent (85%). Such adjustments will be made in such manner as to bring the demand charge to the equivalent of eighty-five per cent (85%) power factor.

## Minimum Annual Charge

Customers taking service under this schedule shall pay a minimum annual charge, including demand and energy, of six dollars (\$6.00) per kilowatt of the highest measured demand occurring during any month of each year of service.

For annual customers, the excess, if any, of the minimum annual charge over the total amount billed to and paid by customer shall be determined and collected at the end of each year of service.



## COMPLAINANTS' EXHIBIT No. 341

For seasonal customers taking service for less than one full year, the minimum charge will be collected in equal installments during the first four consecutive months of service, and will be adjusted at the end of the service period, at which time customer shall pay the excess, if any, of the minimum charge over the total amount previously billed to and paid by customer. Seasonal customers shall pay in addition the actual costs of cut-ins and cut-outs in excess of one of one of each per year.

## Surcharge

Rate and minimum charge are subject to a surcharge as provided for in Schedule of Terms and Conditions.

## Payment

Above rates including surcharge are not, the gross rates being ten per cent (10%) higher. In the event the current monthly bill is not paid within ten (10) days from date of bill, the gross rates shall apply.

## Single Point Delivery

The above rates are based upon the supply of service to the entire premises through a single delivery and metering point, and at a single voltage. Separate supply for the same customer at other points of consumption, or at different voltage, shall be separately metered and billed.

Service under this classification is subject to Rules and Regulations of Contractor.

[fol. 2664] Tennessee Valley Authority  
Department of Electricity  
Standard Residential Rate  
Schedule B-1  
Availability

Available for domestic use to all residential customers served from local alternating current distribution systems. Service under the Standard Residential Rate shall apply only to electric service in a single private dwelling and its appurtenances, the major use of which is for lighting and

## COMPLAINANTS' EXHIBIT No. 341

household appliances, for the personal comfort and convenience of those residing therein. Private dwellings in which space is occasionally used for the conduct of business by a person residing therein will be served under the Standard Residential Rate. Where premises have mixed use the classification shall be determined by predominating use of floor space. The Residential Rate shall not apply to service to institutions such as clubs, fraternities, orphanages or homes; recognized rooming or boarding houses; the space in an apartment or other residential building primarily devoted to use as an office or studio for professional or other gainful purposes.

## Character of Service

A. C. service at approximately 60 cycles, 110 or 220 volts, either single-phase, two-wire or three-wire; or, three-phase, three-wire or four-wire, as may be required by Contractor.

(Vol. 2065)

## Rate

						(In (pencil
First.....	50 kwh.	consumed	per month	@ 3¢	per kwh.	( 1.50
Next.....	150 "	"	"	@ 2¢	"	3.00
Next.....	200 "	"	"	@ 1¢	"	2.00
Next.....	1,000 "	"	"	@ 0.4¢	"	4.00
Excess over.....	1,400 "	"	"	@ 0.75¢	"	(10.50
					(1,400	11.50)

## Minimum Monthly Bill

\$0.75 per Meter.

## Payment

Above rates are net, the gross rates being ten per cent (10%) higher. In the event that the current monthly bill is not paid within ten (10) days from date of bill, the gross rates shall apply.

## Single Point Delivery

The above rates are based upon the supply of service to the entire premises through a single delivery and metering point, and at a single voltage. Separate supply for the same customer at other points of consumption, or at a different voltage, shall be separately metered and billed.

**COMPLAINANTS' EXHIBIT No. 341**

Service under this classification is subject to Rules and Regulations of Contractor.

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**[fol. 2666] COMPLAINANTS' EXHIBIT No. 342**

"Map and Profile, Low Dam Plan, Tennessee River."  
(Original Exhibit)

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**COMPLAINANTS' EXHIBIT No. 343**

"Map and Profile, TVA Plan, Tennessee River."  
(Original Exhibit)

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**COMPLAINANTS' EXHIBIT No. 344**

Chart entitled "Water Traffic on Tennessee River—1927 to 1934, Relation of Sand and Gravel Movement."  
(Original Exhibit)

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**COMPLAINANTS' EXHIBIT No. 345**

Chart entitled "Approximate Distribution of Average Freight Movement on Tennessee River—1927 to 1934 incl."  
(Original Exhibit)

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**COMPLAINANTS' EXHIBIT No. 346**

Chart entitled "Comparison Of Alternative Methods Of Developing The Tennessee River."  
(Original Exhibit)

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**[fol. 2667] COMPLAINANTS' EXHIBIT No. 347 (Excluded)**

Page from "The Waterways Journal" of Sept. 18, 1937.  
(Omitted)

(Here follow two photolithographs, side folios 2668 and  
2669)

POPULATION IN 1930 OF CITIES AND TOWNS ON THE TENNESSEE RIVER  
AND TRIBUTARIES WHICH SUFFER DAMAGES DURING FLOODS

<u>City or Town</u>	<u>Population In 1930</u>
<u>Main Tennessee River</u>	
Chattanooga	119,798
Knoxville	105,802
Florence, Ala.	11,729
Loudon	2,578
Dayton	2,006
Soddy	1,196
Stevenson	733
Johnsonville	357
Rhea Springs	306
Riverton, Ala.	285
Harrison	204
Hamburg	179
Danville	153
Packler	153
Perryville	112
Densons Landing	102
Washington	*
Sub-Total	<u>245,573</u>
<u>Duck River</u>	
Columbia	7,882
Kettle Mills	*
Sub-Total	<u>7,882</u>
<u>Buffalo River</u>	
Sub-Total	-
<u>Bear Creek</u>	
Sub-Total	-

<u>City or Town</u>	<u>Population In 1930</u>
<u>Elk River</u>	
Fayetteville	3,822
Prospect	204
Harms	121
Wheelerton	*
Sub-Total	<u>4,147</u>
<u>Hiwassee &amp; Ocoee Rivers</u>	
Charleston	408
Austral	*
Murphy, N. C.	1,612
Sub-Total	<u>2,020</u>
<u>Little River</u>	
Townsend	402
Kinzel Springs	*
Walland	*
Sub-total	<u>402</u>
<u>French Broad River</u>	
Asheville, N. C.	50,193
Marshall, N. C.	1,132
Del Rio	102
Catlettsburg	*
Woodfin, N. C.	*
Rankin	*
Sub-Total	<u>51,427</u>
<u>Big Pigeon River</u>	
Newport	2,989
Canton	*
Clyde	*
Edwina	*
Hartford	*
Sub-Total	<u>2,989</u>

\*Towns of less than 100

TENNESSEE RIVER  
ING FLOODS

<u>tion</u>	<u>City or Town</u>	<u>Population</u> <u>In 1930</u>
<u>30</u>	<u>Nolichucky, N. Toe, S. Toe, &amp; Cane Rivers</u>	
22	Erwin	3,623
04	Embreeville	306
21	Hunt Dale	*
*	Pensacola	*
47	Sprucepine	*
	Unaka Springs	*
	Sub-Total	<u>3,929</u>
08	<u>Holston, Watauga, No. &amp; So. Forks of</u>	
*	<u>Holston Rivers</u>	
12	Kingsport	11,914
20	Mascot	2,550
	Strawberry Plains	153
	Galbraith Springs	*
02	Mendota	*
*	Sub-Total	<u>14,617</u>
*	<u>Clinch-Emory River</u>	
02	Harriman	4,588
	Clinton	1,927
193	Oakdale	1,123
132	Clinchport, Va.	338
102	Cleveland, Va.	204
*	Deermont	153
*	Ft. Blackmore, Va.	103
*	Sub-Total	<u>8,436</u>
127	<u>Powell Rivers</u>	
	Sub-Total	-
989	*****	
*	Main River Totals	245,673
*	Tributary Totals	95,849
*	Grand Totals	<u>341,522</u>
389		



# FLOOD DAMAGES TO CITIES AND TOWNS, RAILWAYS AND HIGHWAYS

Stream	Cities and Towns		Est. Average Annual Damage All Floods	Rail
	Number	Damage by 500 Yr. Flood		Damage by 500 Yr. Flood
Main Tennessee River:				
Paducah to Florence	7	\$ 44,000	\$ 5,265	\$ 51,800
Florence to Hales Bar	2	40,000	2,000	72,800
Chattanooga and above	8	5,217,800	723,285	237,000
Tributaries Below Chattanooga				
Duck River	2	12,800	380	25,000
Buffalo River	0	0	0	0
Bear Creek	0	0	0	25,000
Elk River	4	13,200	3,715	0
Tributaries Above Chattanooga				
Hiwassee and Ocoee Rivers	3	13,200	185	145,000
Little Tennessee, Tellico, Tuskegee, and Wauhatchie Rivers	0	0	0	387,800
Little River	3	33,000	3,300	125,000
French Broad River	6	139,800	5,681	1,406,000
Big Pigeon River	5	146,800	16,510	182,800
Holston, Cane, South Toe, and North Toe Rivers	6	18,000	1,589	167,500
Holston and Watauga Rivers and North and South Forks of Holston Rivers	5	38,000	5,035	0
Clinch River	4	34,800	14,400	0
Emory River	3	1,537,000	153,700	1,923,000
Powell River	0	0	0	0
Totals For Entire Basin		\$5,287,600	\$932,985	\$4,726,500
GRAND TOTALS	58			

## SUMMARY

Main Tennessee River	9	84,000	5,265	104,000
Below Chattanooga	1	3,090,000	697,700	237,000
Chattanooga	7	127,600	25,585	
Above Chattanooga	17	3,301,600	728,580	341,000
Totals for Main River				
Tributaries				
Below Chattanooga	6	25,800	4,035	50,000
Above Chattanooga	35	1,960,200	200,400	4,335,500
Totals for Tributaries	41	1,986,000	204,435	4,385,500
Totals Below Chattanooga	15	109,800	9,300	154,000
Totals Chattanooga	1	3,090,000	697,700	

Stream	Cities and Towns		Rail	
	Number	Damage by 500 Yr. Flood	Est. Average Annual Damage All Floods	Damage by 500 Yr. Flood
Main Tennessee River:				
Paducah to Florence	7	\$ 44,000	\$ 3,265	\$ 31,800
Florence to Males Bar	2	40,000	2,000	72,800
Chattanooga and above	8	3,217,600	723,285	237,000
Tributaries Below Chattanooga				
Duck River	2	12,600	380	25,000
Buffalo River	0	0	0	0
Bear Creek	0	0	0	25,000
Elk River	4	13,200	3,715	0
Tributaries Above Chattanooga				
Hiwassee and Ocoee Rivers	3	13,200	185	145,000
Little Tennessee, Tellico, Tuskegee, and Nantahala Rivers	0	0	0	387,800
Little River	3	33,000	3,300	125,000
French Broad River	6	139,600	5,681	1,406,000
Big Pigeon River	5	146,600	16,510	182,500
Holston, Cane, South Toe, and North Toe Rivers	6	18,000	1,589	167,500
Holston and Watauga Rivers and North and South Forks of Holston Rivers	5	38,000	5,035	0
Clinch River	4	34,800	14,400	0
Emory River	3	1,557,000	153,700	1,923,000
Powell River	0	0	0	0
Totals For Entire Basin		\$5,287,600	\$932,985	\$4,726,500
GRAND TOTALS	58			

#### SUMMARY

Main Tennessee River				
Below Chattanooga	9	84,000	5,265	104,000
Chattanooga	1	3,090,000	697,700	237,000
Above Chattanooga	7	127,600	25,585	
Totals for Main River	17	3,301,600	728,550	341,000
Tributaries				
Below Chattanooga	6	25,800	4,035	50,000
Above Chattanooga	35	1,960,200	200,400	4,335,500
Totals for Tributaries	41	1,986,000	204,435	4,385,500
Totals Below Chattanooga	15	109,800	9,300	154,000
Totals Chattanooga	1	3,090,000	697,700	4,572,500
Totals Above Chattanooga	42	2,087,800	225,985	
Totals for Entire Basin		\$ 5,287,600	\$ 932,985	\$4,726,500
GRAND TOTALS	58			

## COMPLAINANTS' EXHIBIT NO. 349

WAYS IN ENTIRE TENNESSEE RIVER BASIN

<u>Railways</u>		<u>Highways</u>		<u>Totals</u>	
<u>Flood</u>	<u>Est. Average Annual Damage All Floods</u>	<u>Damage by 500 Yr. Flood</u>	<u>Est. Average Annual Damage All floods</u>	<u>Damage by 500 Yr. Flood</u>	<u>Est. Average Annual Damage All Floods</u>
00	\$ 1,735	\$ 8,000	\$ 1,335	\$ 83,800	\$ 8,335
00	3,625	8,780	720	118,280	8,345
00	3,518	9,250	1,080	3,463,880	727,623
00	250	180,800	25,340	188,100	26,910
0	0	90,000	6,300	90,000	6,300
00	1,250	75,000	7,500	100,000	8,750
0	0	268,000	26,800	281,200	30,515
00	9,715	125,000	4,800	283,200	14,400
00	38,750	25,000	1,775	412,500	40,525
00	9,375	58,000	5,800	216,000	18,475
00	70,250	352,000	17,600	1,896,600	93,531
00	13,890	82,500	8,250	411,600	38,480
00	5,880	280,250	9,810	465,750	17,259
0	0	155,000	11,625	193,000	16,680
0	0	153,500	19,190	189,300	33,590
00	192,300	76,000	9,500	3,536,000	355,500
0	0	4,000	40	4,000	40
00	<u>\$360,115</u>	<u>\$1,917,750</u>	<u>\$158,105</u>	<u>\$11,931,850</u>	<u>\$1,441,208</u>
00	5,360	13,750	2,055	301,750	12,680
00	3,518	9,250	1,020	3,463,850	727,623
00	<u>8,878</u>	<u>23,000</u>	<u>3,075</u>	<u>3,625,650</u>	<u>740,303</u>
00	1,500	583,500	86,940	659,300	72,475
00	<u>339,940</u>	<u>1,311,250</u>	<u>88,080</u>	<u>7,606,950</u>	<u>628,430</u>
					<u>701,908</u>

00	\$ 1,736	\$ 8,000	\$ 1,236	\$ 83,500	\$ 6,336
00	3,623	5,780	720	118,250	6,345
00	3,318	9,280	1,080	3,463,850	727,623
00	280	180,800	26,340	188,100	26,910
0	0	90,000	6,300	90,000	6,300
00	1,280	75,000	7,500	100,000	8,750
0	0	268,000	26,800	281,200	30,515
00	9,715	125,000	4,500	283,200	14,400
00	38,780	25,000	1,775	412,500	40,525
00	9,375	58,000	5,800	216,000	18,475
00	70,250	352,000	17,600	1,896,600	93,531
00	13,680	82,500	8,250	411,600	38,450
00	5,860	280,250	9,810	465,750	17,259
0	0	155,000	11,625	193,000	16,680
0	0	153,500	19,190	188,300	33,590
00	192,300	76,000	9,500	3,536,000	355,500
0	0	4,000	40	4,000	40
00	<u>\$350,118</u>	<u>\$1,917,750</u>	<u>\$158,105</u>	<u>\$11,931,850</u>	<u>\$1,441,208</u>

00	5,360	15,750	2,055	201,750	12,680
00	3,318	9,280	1,080	3,463,850	727,623
00	<u>8,678</u>	<u>25,030</u>	<u>3,075</u>	<u>3,685,800</u>	<u>740,303</u>
00	1,500	583,800	66,940	659,300	72,475
00	339,940	1,311,280	88,090	7,606,950	628,430
00	<u>341,440</u>	<u>1,894,780</u>	<u>155,030</u>	<u>8,266,250</u>	<u>701,905</u>
00	6,860	597,250	68,995	861,050	85,155
00	343,258	1,320,500	89,110	11,070,800	1,356,053
00	<u>\$350,118</u>	<u>\$1,917,750</u>	<u>\$158,105</u>	<u>\$11,931,850</u>	<u>\$1,441,208</u>

[fol. 2670] COMPLAINANTS' EXHIBIT No. 350

Chart entitled "Variation In Flow During Maximum Flood To Be Expected On Tennessee River At And Above Chattanooga".

(Original Exhibit)

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COMPLAINANTS' EXHIBIT No. 351

Chart entitled "Flood Profile of Tennessee River—Knoxville to Chattanooga."

(Original Exhibit)

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COMPLAINANTS' EXHIBIT No. 352

Map of Tennessee River Basin entitled "Location Of System Of Flood Control Reservoirs To Achieve Maximum Practical Protection And Existing Power Reservoirs In May 1933."

(Original Exhibit)

(Here follows one photolithograph, side folio 2671)



## COMPLAINANTS' EXHIBIT NO. 353

ENGINEERING DATA ON SYSTEM OF FLOOD CONTROL  
TO ACHIEVE MAXIMUM PRACTICABLE PROTECTION

(a) Name of Reservoir	(b) Stream on Which Located	(c) Tributary Drainage Area. Square Miles	(d) Gross Storage Volume. Acre Feet	(e) Net Storage Volume Acre Feet	(f) Estimated Construction Cost	(g) Lands Flooded When Water is at Spill- way Level. Acres
Painter Creek	Nolichucky River	855	247,000	237,000	\$ 5,303,100	4,920-
Solomon Ferry	Nolichucky River	1,760	331,700	306,000	3,235,650	7,960
Dandridge	French Broad River	4,450	904,000	867,000	6,185,300	16,140
Kikers Ferry	French Broad River	4,655	235,000	210,000	2,500,600	5,620
Island Mills	S. Fork Holston River	779	415,000	415,000	4,747,800	6,430
Bachman Ford	S. Fork Holston River	1,859	288,000	284,000	3,641,850	5,260
Surgoinsville	Holston River	2,896	382,000	364,000	4,370,000	10,010
Three Springs	Holston River	3,216	198,000	186,000	4,321,850	9,050
Strawberry Plains	Holston River	3,650	223,000	200,000	2,698,600	6,510
Fontana	Little Tenn. River	1,590	380,000	364,000	11,000,000	4,000
Davis Ferry	Little Tenn. River	2,635	425,000	400,000	3,642,100	12,310
Cove Creek	Clinch River	2,950	1,312,000	1,300,000	8,136,000	21,250
Frankfort	Clear Creek	146	77,000	76,000	1,908,600	1,350
Milliken Branch	Obed River	510	105,000	104,000	4,764,350	1,270
Wartburg	Emory River	83	50,000	50,000	1,175,900	1,350
Coleman	Hiwassee River	928	246,000	242,000	4,048,500	3,920
Apalachia	Hiwassee River	1,042	120,000	119,000	3,513,100	1,430
Austral	Hiwassee River	1,224	140,000	136,000	3,731,200	2,025
Charleston	Hiwassee River	2,230	185,000	164,000	2,199,100	11,480
Totals		16,713	6,263,700	6,024,000	\$ 81,133,600	132,285

[fol. 2672] COMPLAINANTS' EXHIBIT No. 354

Map of Tennessee River Basin entitled "TVA Unified Plan Recommended To Congress, And Existing Power Reservoirs In May 1933."

(Original Exhibit)

(Here follow two photolithographs, side folios 2673 and  
2674)

## COMPLAINANTS' EXHIBIT NO. 355

**ENGINEERING DATA ON ELEMENTS OF TVA UNIFIED PLAN  
WHICH WOULD IN ANY WAY AFFECT FLOODS AT AND ABOVE  
CHATTANOOGA**

(a) Name of Reservoir	(b) Stream on Which Located	(c) Tributary Drain- age Area. Square Miles	(d) Dependable Flood Storage Volume in Greatest Flood to be Expected. Acre Feet	(e) Flood Storage Volume Used in Determination of Non- Dependable Modification, Which Might be Effected by TVA Uni- fied Plan, During Greatest Flood to be Expected. Acre Feet	(f) Lands Flooded When Water is at Normal Pool Level. Acres
*Fontana	Little Tenn. River	1,590	110,000	800,000	8,225
Norris	Clinch River	2,950	497,000	1,260,000	30,500
Fowler Bend	Hiwassee River	977	13,000	203,000	5,395
Coulter Shoals		5,517	0	0	8,550
Watts Bar			0	0	34,000
Chickamauga			0	0	24,200
			620,000	2,263,000	110,870

\*Funds for construction not yet appropriated.

## COMPLAINANTS' EXHIBIT NO. 356

COMPARISON OF REDUCTIONS IN MAXIMUM FLOOD STAGE ABOVE CHATTANOOGA WHICH WOULD BE BROUGHT ABOUT BY RECOMMENDED SYSTEM OF FLOOD CONTROL AND NON-DEPENDABLE REDUCTIONS WHICH MIGHT BE BROUGHT ABOUT BY THE TVA UNIFIED PLAN

City or Town	(a) Max. Recorded Stage	Maximum Stage Attained During Greatest Flood to be Expected			(e) State at Which Submergence Begins
		(b) Without Any Flood Control	(c) With Recommended System of Flood Con- trol in Operation	(d) With Unified Plan In Operation (Not Dependable)	
Knoxville	44.4	68.3	27.1	68.3	23
Harriman	61.1	63.7	39.8	63.7	40
Loudon	47.0	71.6	33.9	66.2	31
Dayton	46.0	63.5	40.0	56.0	32
Soddy	48.0	64.0	43.0	56.5	30
Chattanooga	57.9	73.0	53.9	67.7	30

[fol. 2675] COMPLAINANTS' EXHIBIT No. 357

Chart entitled "Reductions In Flow Day By Day Which Would Be Brought About By Recommended Flood Control System And By TVA Unified Plan During Maximum Flood To Be Expected On Tennessee River At and Above Chattanooga".

(Original Exhibit)

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COMPLAINANTS' EXHIBIT No. 358

Chart entitled "Reductions In Flow Day By Day Which Would Be Brought About At Harriman By Recommended Flood Control System During Maximum Flood To Be Expected On Emory River".

(Original Exhibit)

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COMPLAINANTS' EXHIBIT No. 359

Chart entitled "Flood Profile Of Tennessee River, Knoxville To Chattanooga".

(Original Exhibit)



(Here follows one photolithograph, side folio 2676)

# COMPLAINANTS' EXHIBIT NO. 360

## COMPARISON OF LANDS WHICH WOULD BE FLOODED BY RECOMMENDED FLOOD CONTROL SYSTEM AND BY TVA UNIFIED PLAN

Recommended Flood Control System			TVA Unified Plan			
Name of Reservoir	Lands Permanently Flooded.	Greatest Amount of Lands Temporarily Flooded.	Name of Project	Area of River Bed.	Normal Area of Reservoir.	Lands Flooded at Normal Pool.
	Acres	Acres		Acres	Acres	Acres
Painter Creek	0	4,920	Gilbertsville	22,080	148,000	125,920
Solomon Ferry	0	7,960	Pickwick	8,700	41,600	32,900
Dandridge	0	16,140	Wilson	9,750	16,100	6,350
Kikers Ferry	0	5,620	Wheeler	16,600	64,300	47,700
Island Mills	0	6,430	Guntersville	12,200	63,300	51,100
Bachman Ford	0	5,260	Chickamauga	7,800	32,000	24,200
Surgoinsville	0	10,010	Watts Bar	8,600	42,600	34,000
Three Springs	0	9,050	Coulter Shoals	3,350	11,900	8,550
Strawberry Plains	0	6,510	Norris	3,700	34,200	30,500
Fontana	0	4,000	*Fontana	975	9,200	8,225
Davis Ferry	0	12,310	Fowler Bend	845	6,240	5,395
Cove Creek	0	21,250				
Frankfort	0	1,350				
Milliken Branch	0	1,270				
Wartburg	0	1,350				
Coleman	0	3,920				
Apalachia	0	1,430				
Austral	0	2,025				
Charleston	0	11,480				
Main River Total	0	0		89,080	419,800	330,720
Tributary Total	0	132,285		5,520	49,640	44,120
GRAND TOTAL	0	132,285		94,600	469,440	374,840

\*Funds for construction not yet appropriated.

## [fol. 2677] COMPLAINANTS' EXHIBIT No. 361

Chart entitled "Comparison Of Recommended Flood Control System And TVA Unified Plan."

(Original Exhibit)

## COMPLAINANTS' EXHIBIT No. 362

Chart entitled "Comparison Of The Power And Flood Control Functions Of The Norris Dam And Reservoir As Constructed In TVA Unified Plan With Proposed Dam And Reservoir On Clinch River In Recommended Flood Control System."

(Original Exhibit)

## [fol. 2678] COMPLAINANTS' EXHIBIT No. 363

Rufus W. Putnam,  
20 North Wacker Drive,  
Chicago, Illinois

Chattanooga, Tenn.,  
Dec. 2, 1937.

## Memorandum:

By reference to my working papers the following summarizes the situation as to my estimates of cost of transportation by land and by water of Tennessee River traffic:

## Existing Traffic

Estimated transportation cost by land—1,750,- 000 tons @ \$1,532 .....	\$2,682,169
Estimated transportation cost by water—1,750,- 000 tons @ \$0.364 .....	637,288
Estimated savings—1,750,000 tons @ \$1.168 ...	\$2,044,881

## Future Traffic

Estimated transportation cost by land—5,023,- 238 tons @ \$1.813 .....	\$9,107,010
Estimated transportation cost by water—5,023,- 238 tons @ \$1.180 .....	5,927,401
Estimated savings—5,023,238 tons @ \$0.633 ...	\$3,179,609

[fol. 2679] EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364  
FOR IDENTIFICATION, BEING "HEARINGS BEFORE THE COM-  
MITTEE ON INTERSTATE AND FOREIGN COMMERCE, HOUSE OF  
REPRESENTATIVES, 74TH CONGRESS, 1ST SESSION, (Excluded)

Page 1947

Mr. Lilienthal: Mr. Chairman and gentlemen of the committee, my name is David E. Lilienthal. I am a member of the board of directors of the Tennessee Valley Authority. I am appearing before your committee in response to the request of the committee directed to the board of the Authority.

Page 1952

Mr. Cooper (interposing): I believe you made the statement—

Mr. Lilienthal (interposing): The question I have directed my attention to in these items—

Mr. Cooper (interposing): You just stated that the Tennessee Valley Authority was going to pay taxes just the same as any private utility company would have to pay.

Mr. Lilienthal: The matter has been met in this way: Congress has said that 5 per cent of the gross proceeds received by the Board shall be paid to the State, but in order to remove any question about the fairness of it; in addition to that,  $7\frac{1}{2}$  per cent of the gross revenue has been set up, or a total of  $12\frac{1}{2}$ ; and the 5 per cent, which is  $12\frac{1}{2}$  per cent, which is the national average of gross revenue paid by private utility companies as taxes.

Just let me complete this, if I may. These rates were fixed, the present rates were fixed for the year 1932, and the figure at that time was  $12\frac{1}{2}$  per cent of the gross revenue as a national average.

Mr. Cooper: The tax paid by private utilities is 13 per cent of their earnings. It seems to me, according to the figures that I have here, that the private companies would have to pay nine times more taxes than your set-up.

Mr. Lilienthal: No.

Mr. Cooper: The statement you made a moment ago, if I understood you correctly, was that the T. V. A. would be expected to pay the same taxes as those now assessed against private utility industry.

Mr. Lilienthal: The average national tax, and the average at the time this was made up—and, of course, it may

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364 FOR  
IDENTIFICATION (Excluded)

have varied some, and naturally the national average would vary from year to year—but this was  $12\frac{1}{2}$  per cent of the gross revenue at the time this figure was made up.

Pages 1953-4

Mr. Cooper: Now private utilities have to pay a great many taxes, do they not?

Mr. Lilienthal: Yes.

Mr. Cooper: Which amounts to about 15 per cent of their gross business so I am told.

[fol. 2680] Mr. Lilienthal: Well, it varies; but I gave you the national average.

Mr. Cooper: Well, I have been told that it ranged from 13 per cent, varied up to as high as 15 per cent. Now, do you mean to tell this committee that the Tennessee Valley Authority is going to pay that much?

Mr. Lilienthal: That much will be paid by users of T. V. A. power. The Federal Government, in addition to the 5 per cent which is paid to the State, will get another sum for distribution in whatever manner Congress may decide, another  $7\frac{1}{2}$  per cent from the Tennessee Valley Authority, which is the difference between the amount set in the act and the national average, or  $7\frac{1}{2}$  per cent of the gross revenue, payable by private utilities.

Mr. Cooper: Do you pay any real estate taxes?

Mr. Lilienthal: No.

Mr. Cooper: Any income taxes?

Mr. Lilienthal: Yes; the gross-revenue tax referred to.

Mr. Cooper: Neither Federal nor State?

Mr. Lilienthal: The amount I spoke of, the  $12\frac{1}{2}$  per cent—

Mr. Cooper (interposing): And no municipal taxes?

Mr. Lilienthal: If the Tennessee Valley Authority were to own a distributing system in a municipality, it would pay the equivalent of the local taxes to the municipality that the private utility paid.

Mr. Cooper: Does the Tennessee Valley Authority pay any insurance charges?

Mr. Lilienthal: No; the Federal Government does not deem it necessary to carry insurance.

EXCERPTS FROM COMPLAINANTS' EXHIBIT 364 FOR  
IDENTIFICATION (Excluded)

Mr. Cooper: And you say you pay no real-estate taxes?

Mr. Lilienthal: No.

Mr. Cooper: No automobile taxes?

Mr. Lilienthal: No.

Mr. Cooper: No gasoline taxes?

Mr. Lilienthal: No.

Mr. Cooper: No 3 per cent special Federal tax?

Mr. Lilienthal: No.

Mr. Cooper: And you get a rebate, do you not, for everything that is hauled over the railroad, both passenger and freight service?

Mr. Lilienthal: A rebate?

Mr. Cooper: Yes.

Mr. Lilienthal: Under the railroad Land Grant Act, you mean? Yes.

Page 1954

Mr. Cooper: You have no workmen's compensation tax to pay to the States in which you operate?

Mr. Lilienthal: There is the Federal Workmen's Compensation Act.

Mr. Cooper: Yes; but does the Tennessee Valley Authority pay any tax to workmen's compensation?

Mr. Lilienthal: I am not familiar with how that is worked out; I assume that the contribution must come out of an appropriation to the Tennessee Valley Authority for that [fol. 2681] purpose, but I am not familiar with that.

Mr. Cooper: And you have services which are contributed to you by the governmental departments, do you not, such as legal services, for which you do not pay?

Mr. Lilienthal: We have our own legal staff which furnishes that service.

Mr. Cooper: Do you not have the franking privilege?

Mr. Lilienthal: Yes.

Page 1955

Mr. Cooper: But you have the franking privilege in sending out bills, and you also have the free use of Government buildings for offices for your clerical force.

Mr. Lilienthal: We use stamps on bills. We have free use of Government buildings, but we pay rent on many private buildings we occupy.



EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364 FOR  
IDENTIFICATION (Excluded)

Mr. Cooper: And you also are furnished free legal advice, and you also have advice on accounting, and for other purposes?

Mr. Lilienthal: We have our own legal staff, paid for out of T. V. A. funds. In regard to accounting, we have our accounts audited by the Comptroller General's Office, and it is not free by any means; the expense was something around \$35,000.

Mr. Cooper: The reason I am mentioning these things to you, Mr. Lilienthal, is because you said that the Tennessee Valley Authority was going to pay the same taxes and assessments that private industry does.

Mr. Lilienthal: Yes; I am coming to that.

Mr. Cooper: And I understood you to say that you were going to pay the same kind of taxes the private utility pays.

Mr. Lilienthal: Here is what I said, if you will give me an opportunity.

Mr. Cooper: Just one other question. You stated the Tennessee Valley Authority would bring revenue to the Federal Government. Did you not operate at a loss last year of \$442,000?

Mr. Lilienthal: What is the figure?

Mr. Cooper: Your revenue earned was \$308,000 and your cost amounted to \$750,000.

Mr. Lilienthal: If that is the figure—

Mr. Cooper (interposing): Showing an operating loss of around \$442,000 in 1934.

Mr. Lilienthal: Those figures may well be accurate; I am unable to carry them in mind.

. . . . .

Mr. Wadsworth: Referring again to the tax matter. I understood you to say that 7 per cent of the total of 12 per cent would go to the Federal Government?

Mr. Lilienthal: Yes; the difference between 12½ per cent and 5 per cent which the act provides.

Mr. Wadsworth: But you are the Government, are you not?

**EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364 FOR  
IDENTIFICATION (Excluded)**

[fol. 2682] Mr. Lilienthal: The Antho~~ny~~ is a special agency of the Government. It is a part of the Government, if you look at it in that way.

Mr. Wadsworth: This development was financed by the United States Treasury?

Mr. Lilienthal: Yes. The point I am making, Mr. Wadsworth, is simply this: That under the provisions of the act this additional reserve for taxes may go back into the Treasury if it is not used for other purposes. It is not clear that Congress has taken express action on how that reserve should be treated.

Pages 1956-7

Mr. Lilienthal: There is no suggestion, Mr. Cooper, that any form of comparison shall be rigid. There seems to have been a notion, with regard to comparisons, that there shall be no allowance made for different circumstances. There is no such suggestion, as far as I know—certainly nothing official—that the Tennessee Valley Authority, in the rate that it may charge, shall attempt to set up a rate which, without change, by reason of difference in certain circumstances throughout the country, by reason of geographical differences, and many other differences which exist in the country, shall be applied inflexibly everywhere. It is the same process that an industry uses when it goes about determining whether it shall take power from a private utility or whether it shall set up its own plant. The manager of such an industry sits down with his engineers, takes all of the facts into consideration, and determines whether it will be cheaper to develop its own electricity in its own independent plant or to secure it from a public utility. The manager in this way sets up a kind of "yardstick."

Now, the figures will vary, of course, in different localities, due to different costs of production.

Pages 1962-3

Mr. Lilienthal: It is obvious that unless we can dispose of the power, there is not going to be any income from that power, whereas the expenses continue, and losses are inevitable as long as we are not permitted to collect revenues.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364 FOR  
IDENTIFICATION (Excluded)

It is obvious that the plant capable of producing power, and without a market, will continue to run at a loss as long as it is prevented from selling that power, and as long as that continues the Government cannot make anything out of it.

Mr. Bulwinkle: Where do you obtain that market?

Mr. Lilienthal: Where would it be obtained if T. V. A. were permitted to sell this power?

Mr. Bulwinkle: Yes; where would it be obtained?

Mr. Lilienthal: The only possible outlet would be—

Mr. Bulwinkle (interposing): North Carolina, South Carolina, Georgia, Alabama, and Mississippi?  
[fol. 2683] Mr. Lilienthal: It would be mostly in Alabama, Tennessee, and Mississippi.

Mr. Bulwinkle: All of those communities are served now by private utilities, are they not?

Mr. Lilienthal: A large part of them; some of them have their own municipal plants, generating power by coal, steam.

Mr. Bulwinkle (interposing): The greater part of them are served by companies, by private utilities now?

Mr. Lilienthal: Yes.

Mr. Bulwinkle: And so if you attempt to sell this electric energy, produced by this plant, it would come in competition with those companies, would it not?

Mr. Lilienthal: Yes; in the sense you use the term "competition." If the municipalities changed from buying from the private companies and bought their supply of energy from the Tennessee Valley Authority, then in that sense and to that extent there would be competition, for it would take that much of the market which the private companies now supply.

Mr. Bulwinkle: Have you estimated how much it would take away from private utilities?

Mr. Lilienthal: How much of what it would take away?

Mr. Bulwinkle: How much money, value, kilowatt-hours, or however you want to put it.

Mr. Lilienthal: I am sure that those figures could be worked out. I do not happen to have them in mind.

EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 364 FOR  
IDENTIFICATION (Excluded)

Mr. Bulwinkle: It would be a considerable amount, would it not?

Mr. Lilienthal: It would be a substantial amount.

Page 1964

Mr. Wolverton: Let us see just how much difference there is between us. This is a very vital question, not only to Mr. Cooper but to many others. I understood you to say there were communities being served. Am I right in that statement?

Mr. Lilienthal: Yes.

Mr. Wolverton: Then, the Government came into those districts already being served; is that right?

Mr. Lilienthal: Yes.

Mr. Wolverton: And you have the business now and they do not have it?

Mr. Lilienthal: Yes.

Mr. Wolverton: Is that the situation?

Mr. Lilienthal: They purchased the power from us.

Mr. Wolverton: Well, the Tennessee Valley Authority is now furnishing the power to communities that were formerly served by other companies.

Mr. Lilienthal: Yes; and they have got the money for their facilities.

Mr. Wolverton: And there is no competition there now?

Mr. Lilienthal: No.

Mr. Wolverton: Then you eliminated competition by taking over the field?

[fol. 2684] Mr. Lilienthal: Yes; if you want to interpret competition to mean purchase. These utility companies have sold their facilities and received the money for them.

Mr. Wolverton: Is that not a reasonable interpretation of competition?

Mr. Lilienthal: I am perfectly willing to say that is.

Page 1976

Mr. Bulwinkle: In getting the benefit back into the Treasury, have you gentlemen considered this board of the Tennessee Valley Authority—is it your idea to sell to your limit eventually?

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364 FOR  
IDENTIFICATION (Excluded)

Mr. Lilienthal: We do not intend to let any public property go to waste.

Mr. Bulwinkle: It is either a "yes" or "no" question.

Mr. Lilienthal: Yes.

Page 1980

Mr. Lilienthal: We think it is a very important part of our public duties to furnish information about this project to the public generally, especially in view of the fact that there is such a tremendous interest in the program.

Pages 1981-2

Mr. Cooper: Well, I want to ask you this question. I hold here in my hand a reprint from the Journal of the National Education Association, and there is an article in here of 15 pages by Mr. W. E. Myers. Now, we have heard a lot about propaganda, and I have said all along that there are always two sides to that. Here is a 15-page article dealing with the TVA. Was Mr. Myers paid by the TVA for writing that propaganda?

Mr. Lilienthal: Mr. Myers was an employee of the Authority when he wrote the article; yes.

Mr. Cooper: Did the Tennessee Valley Authority buy 50,000 copies at public expense of this article for distribution?

Mr. Lilienthal: Yes.

Mr. Cooper: And it met with the approval of the TVA?

Mr. Lilienthal: Yes.

Mr. Cooper: All right, let me refer you to the last page—

Mr. Lilienthal (interposing): That last page is not a part of the article; that is an editorial note; that is a note that was furnished, written, not by Mr. Myers, but by the editor of the National Educational Association, Dr. J. E. Morgan. [fol. 2685] Mr. Cooper: It is in the same issue that was sent out, the 50,000 copies.

Mr. Lilienthal: Yes.

Mr. Cooper: By the TVA. The article does not show it was written by a paid employee of the TVA.

Mr. Lilienthal: I should like, Mr. Chairman, to make a brief explanation in regard to this pamphlet.



EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364 FOR  
IDENTIFICATION (Excluded)

We have received a flood of requests from school teachers and from students asking for information, just as every other Government department in Washington receives requests for information concerning its activities—the Department of Commerce, Bureau of Fisheries, and so forth.

A great many of these requests for information have come to TVA from teachers or students who say that they have had the subject of TVA assigned as a topic for debate, or some of them had to write a thesis and wanted to secure more information about the Tennessee Valley Authority project. So it seemed almost imperative, because it was impossible to cover these requests by letter, to have some definite information given out in the form of a pamphlet that could be used in sending out our replies to these requests for information.

We asked one of the editors of this magazine if he could tell us someone who could write such an article, one which would be useful in answering these requests, and Dr. J. E. Morgan suggested that Mr. Myers write it, and he was employed for that purpose. The article is very clear; it deals with several topics, and shows the source of the information. Now, we think it is a perfectly legitimate and necessary part of our governmental activities to give out this information.

Page 1982

Mr. Cooper: You have made speeches, have you not, in behalf of it?

Mr. Lilienthal: I have made some; yes.

Mr. Cooper: And you have spoken in behalf of the TVA?

Mr. Lilienthal: Yes.

Mr. Cooper: Now, what is the difference between propaganda of that character and the propaganda of the utilities?

Mr. Lilienthal: The difference between the propaganda that you referred to, which I think is very properly criticized, and the activities of the TVA is the difference between a public activity and a private activity. We are doing a public job, just as many of the other agencies of the Government are, just as the Department of Commerce, which has sent men abroad, through the Foreign and Domestic Commerce Division, to furnish information, and just as the Department of Agriculture does in answering many requests



EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364 FOR  
IDENTIFICATION (Excluded)

that come in for information about agricultural projects. [fol. 2686] It is the duty of those agencies to furnish that information, just as it has been our duty in this case to supply the public with information about TVA activities.

The public asks about the Tennessee Valley Authority project, and it is our business to furnish information.

Page 1990

Mr. Merritt: But you did have a tremendous leverage on the Alabama Power Co., or any other power company that had transmission lines in existence, did you not?

Mr. Lilienthal: Well, the Congress did not leave us in an impossible position in which we would have no way of negotiating a contract that would be fair to the Government.

Mr. Merritt: You did not propose to pay, as you would if you were condemning land, a price awarded as fair by a legally appointed commission, did you?

Mr. Lilienthal: No.

Page 1992

Mr. Huddleston: Under the system you now have, what is your cost of production?

Mr. Lilienthal: You mean per kilowatt-hour?

Mr. Huddleston: Yes.

Mr. Lilienthal: It is very hard to put it on a kilowatt-hour basis because of the effect upon unit cost of changes in volume. At full load the cost is under 3 mills. The rate ranges from 1.5 mills to 4 mills, with certain demand charges in addition.

Mr. Huddleston: Is your rate based upon the cost of production?

Mr. Lilienthal: Yes.

Mr. Huddleston: And you do not know what your cost of production is?

Mr. Lilienthal: Yes; I can give it to you in the total.

Mr. Huddleston: I thought as you had your kilowatt-hour prices based on cost, you would know what it cost you to produce it.

Mr. Lilienthal: I can give you the total and then the calculations can be made.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364 FOR  
IDENTIFICATION (Excluded)

Mr. Huddleston: Would it be as low as 2 mills?

Mr. Lilienthal: I think the cost for firm power is approximately 3 mills.

Pages 2018-19

Mr. Lilienthal: No. The citizens of two counties in northeast Mississippi have themselves organized associations under the laws of the State of Mississippi, private [fol. 2687] corporations, but which are not organized for profit. They are not real cooperative associations, but corporations of a similar character. Those associations are set up by the people themselves and purchase power at wholesale from the Tennessee Valley Authority which they themselves distribute to their members.

One of the rules of the corporations is that those people who have become members of the association, and have thereby taken on the burden of paying membership fees which go to the reduction of the debts of the association, or corporation, shall receive an electricity rate which is different from the rates of people who have not made that contribution. It takes care of the differential between the responsibilities of member and nonmember consumers. I think that is probably what you have in mind.

Mr. Cooper: They are served by the Tennessee Valley Authority with power?

Mr. Lilienthal: The association has a wholesale contract with the Tennessee Valley Authority to supply it with power; yes.

Mr. Cooper: And does the TVA have anything at all to do with that?

Mr. Lilienthal: We have a contract with the association.

Mr. Cooper: Well, is it true that if the users of electric energy do not go into this corporation or organization, or whatever it might be, that they have to pay the rate that was formerly charged by the Mississippi Valley Power Co., or some other power company down there?

Mr. Lilienthal: Yes.

Mr. Cooper: In other words, that is a club to get the people to use Tennessee Valley Authority power?

Mr. Lilienthal: No; they all use the same power. Any person may become a member of the association by paying

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364 FOR  
IDENTIFICATION (Excluded)

\$80. If a consumer does not, then because he has not made such a contribution he will pay a higher rate for his electricity than that paid by the man who has made such a contribution. It is, I suppose, a very appropriate method of providing an incentive for complete membership. As a matter of fact, most of the people in those counties who use electricity have taken out membership.

Page 2022

Mr. Pettengill: On this matter of publicity, Mr. Lilienthal, would you be good enough to tell the committee the function of Mr. Henle, who draws a salary of \$4,000; what does he do?

Mr. Lilienthal: Mr. Henle is in the department of information as far as I recall. I know the general setup of the department, but I do not know how the employees are allocated within the department.

Mr. Pettengill: The official register of the United States for the year 1934, has a chapter dealing with the Tennessee [fol. 2688] Valley Authority. One of the positions listed is that of press representative.

Am I correct in assuming that the press representative means what it ordinarily means in everyday language?

Mr. Lilienthal: May I tell you what the department does?

The department of information has several functions. It prepares information in form desired by the press, and it may well be that is his particular function. And in addition to that, that department is responsible for the replies to the thousands of letters of general inquiry about the activities of the Authority that come from all parts of the country.

It is also responsible for making arrangements for the nearly half a million visitors who come down to see the project—that many came last year. It is the responsibility of that division to see that the thousands of people who are interested, those who make official visits, and others will find someone on hand who can answer the questions which occur to them. Those are the three principal functions.

Mr. Pettengill: In other words, as I understand you, he prepares the newspaper releases covering the publicity for the Tennessee Valley Authority?

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364 FOR  
IDENTIFICATION (Excluded)

Mr. Lilienthal: One of the things the department with which he is connected is responsible for is the preparation of information in the form of press releases.

Page 2023

Mr. Pettengill: Are you familiar with the statute of October 22, 1913, of the United States Statutes at Large, providing that "no money appropriated by any act shall be used to pay for publicity experts unless specifically appropriated for the purpose?"

That has been the law of the United States since October 22, 1913. I was wondering how, in the face of the wording of that statute, you found authority for hiring a press representative.

Mr. Lilienthal: My recollection is that that statute has been construed by the Comptroller General so as not to exclude the kind of activity you have just referred to as being carried on by the Authority, and by virtually every other agency of the Government for many years.

The Chairman: That is true; practically every department of the Government has a division or a publicity bureau.

Mr. Lilienthal: Yes; and I think it is their duty to have.

[fol. 2689]

Pages 2027-29

Mr. Lilienthal: Furthermore, while it is not required by law, we have set up in addition to the 5 per cent, the difference between that 5 per cent and the average of the gross revenue paid in taxes by the private utilities of the country. At the time it was determined that that average was  $12\frac{1}{2}$  per cent according to Edison Electric Institute data. In addition to the 5 per cent paid, therefore, a reserve of  $7\frac{1}{2}$  per cent was set up in computing the cost of generated power.

Mr. Pettengill (interposing): It will be set up?

Mr. Lilienthal: The policy has been adopted.

Mr. Pettengill: And will be set up?

Mr. Lilienthal: The policy has been adopted and an additional  $7\frac{1}{2}$  per cent of the total gross will be set aside so that there is a total of  $12\frac{1}{2}$  per cent of the gross revenue for taxes, or the equivalent of taxes. That is the method.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364 FOR  
IDENTIFICATION (Excluded)

Mr. Pettengill: As to the 5 per cent, does the State of Alabama have a 5 per cent gross income tax?

Mr. Lilienthal: I believe not.

Mr. Pettengill: Does Tennessee?

Mr. Lilienthal: No; I believe not.

Mr. Pettengill: In other words, the provision of the statute is not the equivalent of the tax levied by the State, is it?

Mr. Lilienthal: The 5 per cent?

Mr. Pettengill: Yes.

Mr. Lilienthal: I beg your pardon, the equivalent?

Mr. Pettengill: In other words, the 5-per cent clause has no reference to the State tax?

Mr. Lilienthal: Well, I do not believe there is a tax of that kind in the State.

Mr. Reece: If I may interject there, Mr. Pettengill.

Mr. Pettengill: Yes; Mr. Reece.

Mr. Reece: I recall, when that statute was enacted that provision was put in more or less as a contribution to the States for the purpose of compensating those States for the losses in tax values, particularly for property taken by the Federal Government and thereby exempted from taxation.

Mr. Pettengill: In other words, there is no direction in the statute, is there—we will all agree on that—directing the Tennessee Valley Authority to pay State taxes.

Mr. Lilienthal: In addition to 5 per cent?

Mr. Pettengill: No. You have said there is no 5 per cent tax. This is something intended to be the equivalent of a tax. I am saying there is not anything in the statute that requires the Tennessee Valley Authority to pay a State tax.

Mr. Lilienthal: To conform to the State tax, is that your meaning?

Mr. Pettengill: In other words, if there were an ad valorem tax, you are not required to pay it, are you?

Mr. Lilienthal: No.

Mr. Pettengill: Or to pay to the State or the county or the municipality?

[fol. 2690] Mr. Lilienthal: That is right.

Mr. Pettengill: You are not required to pay it?

Mr. Lilienthal: No.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364 FOR  
IDENTIFICATION (Excluded)

Mr. Pettengill: All that you have been paying, thus far, is 5 per cent under a gross revenue?

Mr. Lilienthal: That is substantially true. There is one exception to that, but it is not important.

Mr. Pettengill: Do you think that is a fair basis of comparison with the taxes paid by private utilities operating in the same field?

Mr. Lilienthal: The 5 per cent does not equal the total taxes paid by the utilities; no, sir.

Mr. Pettengill: It does not?

Mr. Lilienthal: No, sir.

Mr. Pettengill: It does not anywhere near approach it, does it?

Mr. Lilienthal: The 12½ per cent would more nearly approximate private utility tax ratios.

Now, of course, that varies from year to year and from one section of the country to another, but that is near the national average.

Mr. Pettengill: Has this additional 7½ per cent been set up as a deferred expense against your operations since you have been engaged in the business of selling electric energy?

Mr. Lilienthal: The policy has been made clear in the contracts——

Mr. Pettengill: Has been set up as an expense; has that been laid down as a policy to follow in the future; has it been done?

Mr. Lilienthal: Yes.

Mr. Pettengill: Has it been done?

Mr. Lilienthal: I am confident that it has.

Mr. Pettengill: Was it done for the fiscal year ended June 30, 1934?

Mr. Lilienthal: I do not know what the accounting technique is, but there is a segregation of that amount of money.

Mr. Pettengill: Well, assuming that there is, nevertheless, that 7½ per cent is not paid out of your treasury, is it?

Mr. Lilienthal: No, but it is available. That is the idea I was trying to make the other day. It is available for distribution by act of the Congress, or otherwise, as a surplus, as a part of the surplus.



**EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364 FOR  
IDENTIFICATION (Excluded)**

**Mr. Pettengill:** It does not make any contribution to the tax revenues of the municipalities, counties, or States in which your projects are located, does it?

**Mr. Lilienthal:** No.

**Mr. Pettengill:** Well, do you not think Mr. Lilienthal, to make the Tennessee Valley a fair yardstick of the cost of producing electric energy and also to be fair to the communities down there, which are deprived of taxation at the present time, that you should pay State, county, and municipal taxes to the same extent on all of your properties dedicated to the production of electrical energy for sale to the public?

**Mr. Lilienthal:** The question is pretty inclusive, but my general answer would be that I think that the consumers [fol. 2691] of electricity purchased from a Government plant should make a contribution to the cost of government which will bear their full share of the cost of government. Yes; I think that is a sound principle.

**Mr. Pettengill:** Because at the present time, even if you set up an item of  $7\frac{1}{2}$  per cent as an operating expense, but it is not actually paid into the county, or the city, or the State treasury, then the burden of tax upon the other people living there necessarily has to be that much higher, does it not?

**Mr. Lilienthal:** Someone has to pay the taxes.

**Mr. Pettengill:** Somebody has to make it up, do they not?

**Mr. Lilienthal:** Oh, yes.

**Mr. Pettengill:** And again, is it not unfair to your consumer, to charge him a rate that will earn a return upon the  $7\frac{1}{2}$  per cent, if the  $7\frac{1}{2}$  per cent does not actually go to support the schools and roads and bridges of the community in which that consumer lives?

**Mr. Lilienthal:** The principle you have laid down, I agree with, entirely.

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**Mr. Pettengill:** My idea is that the Tennessee Valley Act should be amended to require the Tennessee Valley Authority to pay all State, county and municipal taxes based upon ad valorem or gross income, or whatever other taxes that a private utility would be compelled to pay if located

**EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364 FOR  
IDENTIFICATION (Excluded)**

in the same community insofar as your property is dedicated or allocated to the production of electric energy and fertilizer for sale to the public; not for the operation of locks on navigable streams, and so forth. Would you have any objection to that as an individual?

Mr. Lilienthal: Well, yes; in that form, I would.

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Mr. Pettengill: There is just one more observation I want to make with reference to Mr. Monaghan's statement that if you set up the 7½ per cent, even though you do not pay it, it makes a fair yardstick. My criticism of that is that if you set up an item of 7½ per cent of your revenues, and do not pay it, you have it to use for new construction and the money does not cost you anything, whereas a private utility if it pays the 7½ per cent into State and municipal treasuries does not have it in its own treasury and has to go out and borrow new money at 5 or 6 per cent.

[fol. 2692]

**Pages 2062-63**

Mr. Cooper: Were State regulations supplemented when Congress passed the Tennessee Valley Authority Act?

Do you believe that when Congress passed the Tennessee Valley Authority Act that it was intended that State commissions should be supplemented by Federal regulation?

Mr. Lilienthal: Well, answering your first question, I am sure it was not intended that the passing of the act would supplant the State commissions, but I expressed the personal opinion then, and I still think it is true, one of the considerations in the mind of many of the Members of Congress was that the disposition of power under these circumstances would furnish an alternative method of inducing the best possible rates under all of the circumstances. To that extent, it would assist the State commissions. I think it has. The data even at this early stage has been helpful to many commissions, and some of them have called on us and have found that they could use some of the information in State regulation.

Mr. Cooper: Are you ready to say that the State commissions have fallen down in the regulation of the State utilities?

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 364 FOR  
IDENTIFICATION (Excluded)

Mr. Lilienthal: Some of them have.

Mr. Cooper: Did your commission fall down in Wisconsin?

Mr. Lilienthal: I do not think we did a 100 per cent job by any means. We tried hard. We had many advantages other States do not have. We had funds available for an adequate staff. Many States with all of the best intentions in the world, have been unable to carry on because of inadequate funds for the job.

Mr. Cooper: Don't you believe it is casting quite a reflection on the State and its utility commission, when you say that the public utilities have come in and regulated the commission instead of the commission regulating them?

Mr. Lilienthal: I intended it as a reflection; yes sir.

Mr. Cooper: Well, the State commissioners were here a few days ago, and I think if you had been here and listened to them why, probably you would not have thought they were such a bad lot.

Mr. Lilienthal: I know a number of those men and I have high regard for them. I was referring, however, to certain instances which I am sure are fresh in your mind, and not to all State commissions, and I so stated.

Mr. Cooper: Well, it is quite an indictment to make.

Mr. Lilienthal: I said "some" States.

Mr. Cooper: Continuing against the commissions.

Mr. Lilienthal: I did not make a general indictment.

Mr. Cooper: You said you intended to say it.

Mr. Lilienthal: I intended to state that in some States that had occurred, and it has, as everyone knows.

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[fol. 2693] COMPLAINANTS' EXHIBIT No. 364 (Excluded)

Hearings before the Committee on Interstate and Foreign Commerce, House of Representatives, 74th Congress, 1st Session.

(Original Exhibit)

[fol. 2694] EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 365  
FOR IDENTIFICATION, BEING "HEARINGS BEFORE THE COM-  
MITTEE ON MILITARY AFFAIRS, HOUSE OF REPRESENTATIVES,  
74TH CONGRESS, 1ST SESSION" (Excluded)

## P. 7

The Chairman Mr. Lilienthal, will you proceed to a discussion of H. R. 6793, in any way you see fit?

Mr. Lilienthal: The Tennessee Valley Authority is appearing here through members of its board in support of H. R. 6793.

## P. 24

Mr. Lilienthal: . . .

In the first place, the law under which we operate puts upon us a duty to market this power; not only to generate it but to dispose of it. This waste is not to continue.

Mr. Hill: It is so declared to be the policy, in the basic act.

Mr. Lilienthal: It is; and the promotion of a wider and more economical use of power is another policy. That is the tenor of the entire act so far as it relates to electricity.

## P. 25

Mr. Lilienthal: . . .

The Congress has written into this law, as Representative Hill has pointed out, a policy which the Authority is bound by, to promote wider and more economical distribution of electricity, particularly in rural areas. And in this law is a second policy which is mandatory and clearly within the power of Congress by which, in the disposition of this power, we are required to give preference, to give priority, to public, nonprofit agencies, whether they be municipalities or associations of farmers or other comparable public agencies.

With those duties and those policies written into the act, the Tennessee Valley Authority has worked out a method of attempting to carry these policies into effect. And we have been able to carry them into effect—in a relatively small area, it is true.

## Pp. 26 &amp; 27

Mr. Lilienthal: Instead of accepting payment in cash, which would be impossible, or taking bonds, which would be cumbersome, it was agreed in this transfer to the local asso-

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 365 FOR IDENTIFICATION (Excluded)

ciation that the Federal Government would be repaid its investment through surplus revenues.

[fol. 2695] Following the transfer of properties the Tennessee Valley Authority sells power to these local associations at wholesale, and this is what the McSwain amendment, in section 12 (a), beginning on page 7, provides in considerable detail.

We thoroughly believe, and have been so advised, that the statute already permits that kind of operation, and the policies in the act require it, but since that has been challenged, and since more detailed directions would be useful, we heartily commend and urge the adoption of section 12 (a), which sets out the policy under which the amendment is made, and the plan which I have just described.

P. 28

Mr. Thomason: What was the reduction in cost to the urban user, to the man who had electricity at first?

Mr. Lilienthal: About 50 per cent.

Mr. Maverick: It has been much more than 50 per cent in some of those places.

Mr. Lilienthal: In this particular county, the urban user was paying about twice the present rate, but that rate, however, did not include any item for the retirement of investment which the present rate does.

Mr. Thomason: In the country, did the farmer have to pay to build the line from the main transmission line to his own house?

Mr. Lilienthal: My recollection is that there was a line extension—a rule to that effect.

P. 29

Mr. Wilcox: What is the rate per kilowatt-hour charged to the rural user?

Mr. Lilienthal: The basic Tennessee Valley Authority rate which is charged in the situation that I have described is 3 cents for the first 50 kilowatt-hours, 2 cents for the next 150 kilowatt-hours, 1 cent for the next 200 kilowatt-hours, and 4 mills in excess of 400 kilowatt-hours.

Mr. Wilcox: The basic rate is 3 cents?

1  
EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 365 FOR IDENTIFICATION (Excluded)

Mr. Lilienthal: It is a simple block rate, the maximum per kilowatt rate is 3 cents.

Mr. Wilcox: The maximum rate is 3 cents?

Mr. Lilienthal: Yes, sir.

Mr. Wilcox: You deliver the power to the house, having provided the lines to bring it to his house, and your maximum rate is 3 cents for the first block of kilowatt-hours, which includes amortization and the cost of the extension line, and depreciation on equipment?

Mr. Lilienthal: No; the amortization is set up separately in this Alcorn County arrangement.

Mr. Wilcox: Where do you get the money to amortize the cost of that?

Mr. Lilienthal: Every member of the association, every consumer, in addition to this basic rate, which provides for the cost of electricity, pays 1 cent per kilowatt-hour for not to exceed 100 kilowatt-hours, a maximum of \$1 a month, as a means of quickly amortizing the investment.

In comprising these rates with those previously charged, I can furnish typical bills to certain kinds of users.

That 1 cent has been included, which is really not a payment for current, but a partial payment for property.

Mr. Wilcox: In other words, you simply finance the extension and he pays it back on the basis of the power that he uses?

Mr. Lilienthal: That would be one way to explain it.

P. 32

Mr. Lilienthal: We believe that this plan in Alcorn County carries out the policies that Congress has laid down. It provides for the disposal of power to nonprofit agencies. It provides for cheap rates, and for extensive rural electrification under local control and local initiative. It is based upon what the President called when he was down there, "Community of rugged individualism", and at the same time it provides for the fair treatment of investors.

Mr. Lilienthal: . . .

Furthermore, the legislatures of the States, particularly Tennessee and Alabama, and the Governors of those States have cooperated with these applicant communities, desiring to take advantage of this public power, by the passage of



EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 365 FOR IDENTIFICATION (Excluded)

laws permitting municipalities or power districts to engage in the distribution of TVA electricity, and have appointed special commissions to work with the Authority in this and other problems with which we are concerned.

Now, there should be no mistake made about this. These individual communities, like Knoxville, Memphis, Chattanooga [fol. 2697] nooga, and hundreds of smaller communities, are going to go ahead. They have the legal authority. They have bonding power. Many of them have voted bonds. They are going to go ahead and take advantage of this public property in the purchase of which the Congress has, it seems to me, properly given them a preference.

Pp. 33-34

Mr. May: You just stated that one-third of the gross revenues of the entire system of the Tennessee Electric Power Co. were in Knoxville.

Mr. Lilienthal: Chattanooga.

Mr. May: And you are planning to take that over?

Mr. Lilienthal: We are not planning a thing; no, sir. We are under a mandate by Congress to supply that community with power, if it desires to insist on its right to purchase it.

Mr. May: If you take over that city, and take over one-third of the entire gross receipts of the Tennessee Electric Power Co., will that not seriously injure that company?

Mr. Lilienthal: Let me say first, that we have no idea of "taking over that city" in the sense of your question. If Chattanooga builds its plant, as its voters have determined, it would injure the company. And that is the situation that I think Representative McSwain's proposed amendment would meet.

Mr. May: Your idea is that the TVA will produce the electricity and sell it wholesale to the Tennessee Electric Power Co., to furnish to the city?

Mr. Lilienthal: No; that is not the proposal.

Mr. May: What is the proposal?

Mr. Lilienthal: The proposal, as set out in this amendment, is that the Tennessee Valley Authority be authorized

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 365 FOR IDENTIFICATION (Excluded)

to buy, where a company is willing to sell, at a price that is satisfactory—

Mr. May: If you buy principally in that city, do you not mean that you are taking it over?

Mr. Lilienthal: May I finish the sentence that will answer your question?

The proposal is that the Tennessee Valley Authority buy distribution facilities and interconnecting transmission lines, and properties incident to those transmission lines, and distribution facilities, in a unit or area. That would [fol. 2698] take care of every problem that the Tennessee Electric Power Co. presents in Chattanooga, to which you refer. If I understand your position it is that it would be unfair and destructive of the Tennessee Electric Power Co. for the city of Chattanooga, having the statutory authority to do it, after a vote of  $2\frac{1}{2}$  to 1 requiring it, to purchase or construct a separate plant in Chattanooga. It seems to be your point that the effect of that would be to take away from the Tennessee Electric Power Co. a very large portion of its revenues and cause disaster to the rest of the company. In addition to that, it would physically dismember a system—I believe that that is the Representative's point.

Mr. May: That is what I was asking about. How will you take it over without doing that?

Mr. Lilienthal: The proposal in this amendment is that an entire unit, a unit large enough so that compensation for that unit will not cause the financial havoc that such a dismemberment of an individual community would have—

Mr. May: But if Chattanooga affords one-third of the gross revenues to the Tennessee Electric Power Co., and its capitalization would be \$100,000,000, and you paid them for the Chattanooga plant \$33,333,333, your idea is that it would be made good to the extent that you took away from them; is that correct?

Mr. Lilienthal: The proportion of total revenues to capitalization has no necessary relation to the value of the property in Chattanooga.

P. 35

Mr. Lilienthal: . . .

. . . In view of the policies of Congress, and in the light of these circumstances, it is appropriate for the Congress to

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 365 FOR IDENTIFICATION (Excluded)

say that the Tennessee Valley Authority shall have power to buy not merely a piece, but the whole, and then to resell it under the plan that was utilized in northeast Mississippi, sell it back to these individual communities that have expressed their desire to own their own distribution systems, they to pay it back out of the surplus of revenues over expenses.

That, if it please the Representative, is the proposal, and with that is a proposal that \$100,000,000 in bonds of the United States be available with which to buy these properties.

P. 36

Mr. May: In other words, instead of following the customary processes of law, condemnation of private property and the fixing of the value of it in court, you propose by this amendment to vest that authority in the Federal Power Commission?

Mr. Lilienthal: That is not quite an accurate statement.

Mr. May: Is not that what it is?

Mr. Lilienthal: No. The Tennessee Valley Authority does not desire to take the companies' facilities if the companies do not wish to sell, and, of course, when you condemn you take property against the will of the owner. Nothing is further from our intention. We are supporting this procedure because we believe it will be a way of aiding the companies to avoid property losses and safeguard actual investment in useful property. Otherwise these losses are sure to happen.

Mr. May: Why will it happen?

Mr. Lilienthal: Because these communities are communities in which the majority of the electorate control the public policies of the cities. The cities have statutory authority to go ahead, and they are apparently determined to go ahead to build their own plants, if they cannot buy.

Pp. 36-37

Mr. May: How much was paid?

Mr. Lilienthal: My recollection is \$850,000.

Mr. May: How did you arrive at the price?

Mr. Lilienthal: The company presented its inventory, a

## EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 365 FOR IDENTIFICATION (Excluded)

customary practice in such negotiations, and the engineers went over the property and estimates were made as to the replacement value. We took the company's replacement value and depreciated it.

Mr. May: To what extent?

Mr. Lilienthal: To the extent of 50 per cent of the cost of reproduction.

## P. 37

Mr. Lilienthal: That is part of the duties that are imposed upon us in this act. One of our duties is to supply power to applicant public agencies.

[fol. 2700] Mr. May: You stated that you regarded it as your duty to sell and distribute power.

Mr. Lilienthal: Exactly.

Mr. May: And that was the purpose that you had in acquiring these plants?

Mr. Lilienthal: Yes, sir; that is one of them.

## P. 38

Mr. Lilienthal: The Knoxville purchase by T. V. A. has not been consummated. And yesterday a chancel-or, in one of the lower courts in the Knoxville district, temporarily enjoined the city from proceeding further with the construction of its plant.

## P. 39

Mr. May: Your company is not interested today, and has not been, as I understand you, in any way, in soliciting the people of these various communities to become interested?

Mr. Lilienthal: It is a fundamental purpose of the T. V. A. not to solicit what you might describe as power business. It is purely an independent enterprise for the benefit of the people themselves, and the people take the initiative.

Mr. May: Have not you gentlemen who are members of the board, and other persons connected with it, been visiting various towns in Tennessee, delivering addresses and pointing out the benefits to be acquired by T. V. A. power?

Mr. Lilienthal: In the first place, those speeches are only made on invitation, and, I may say, many invitations. In

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 365 FOR IDENTIFICATION (Excluded)

the second place, it is certainly our duty, and we believe it is a part of our qualification, to believe in the wisdom and feasibility of this act, and the three directors are firm in that position, and therefore are not hiding their lights under a bushel in that respect.

Mr. May: In other words, you do have a plan now for a meeting in Johnson City for the next month?

Mr. Lilienthal: I have no such plans.

Mr. May: Do you know about that?

Mr. Lilienthal: No; but I do know of a meeting in west Tennessee, to which the T. V. A. has been requested, for some 4½ months, to send a representative. The interest in west Tennessee has been increasing for over a year, on the initiative of the people themselves. If one of our rep-[fol. 2701] resentatives goes down there, he will find that it is not necessary for any spokesmen of the T. V. A. to make speeches. The people of the United States are stirred up about electricity, all over the United States, but especially on the Tennessee Valley.

Mr. May: And the Tennessee Valley Authority has not stirred up the people in this matter?

Mr. Lilienthal: I do not doubt that the Tennessee Valley Authority has increased the conviction of people that electricity should be widely available.

P. 40

Mr. Lilienthal: We believe that the law as it now stands adequately gives us the authority that we have exercised, but we believe that these amendments would remove any question of doubt or ambiguity on the matter of authority.

Of course, the question of the authority under the Constitution is not a matter that can be cleared up by this legislation.

Pp. 47-48

Mr. May: But you are willing to tell this committee that the Tennessee Valley is not overproduced at the present time?

Mr. Lilienthal: There is a surplus at the present time.

Mr. May: What percentage?

## EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 365 FOR IDENTIFICATION (Excluded)

Mr. Lilienthal: About 18 per cent. That is not too much to have on the shelf under all the circumstances, especially since we have obligations with respect to national defense which may overnight change the picture.

## Pp. 48-49

Mr. May: You were organized at what time—the T. V. A.?

Mr. Lilienthal: The incorporation meeting was on the 16th of June in 1933.

Mr. May: And you gave out your first rate schedule in September 1933?

Mr. Lilienthal: Yes, sir.

Mr. May: How did you arrive at that rate schedule without any developed capacity, or without the Norris or Wheeler Dams, or anything except the Muscle Shoals Dam, the Wilson Dam?

[fol. 2702] Mr. Lilienthal: You mean, how was the estimated rate computed? The way almost any agency would. We based it upon estimates, including all the elements that go into making up a price—estimates of market and estimates of what we had available to dispose of; estimate of firm power, estimate of operating expenses, estimate of depreciation, actual figures of taxes plus an additional computation as to interest, and all the other elements that go into making up an operation of that kind.

## Pp. 49-50

Mr. May: You make these rates and schedules; in making them, at what price or what valuation did you take into consideration Wilson Dam?

Mr. Lilienthal: The value of the Wilson Dam was computed at what a prudent business man would pay if he were determining upon a question of building or buying a new power plant at Wilson Dam. That figure was about \$20,000,000.

Mr. May: As a matter of fact, it cost the Government about sixty millions, did it not?

Mr. Lilienthal: No.

Mr. May: \$47,000,000?



EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 365 FOR IDENTIFICATION (Excluded)

P. 50

Mr. May: And that has been written down to \$21,000,000?

Mr. Lilienthal: No. Those figures are not comparable. The Authority has not adopted a final figure, as required by one of the sections of this act for recommendation to the President. The study is continuing, but the final computations will show a substantial loss which must be charged to the defense of the country at the time this project was initiated.

P. 55

Mr. Maverick: I want to ask just one more question. Has there not been a general decrease in rates charged by public utilities since the establishment of the TVA?

Mr. Lilienthal: In the Tennessee Valley area there have been decreases in rates resulting in annual savings of about \$7,000,000 for the States affected.

Mr. Merritt: Those are all privately owned companies?

Mr. Lilienthal: Yes.

[fol. 2703]

P. 60

Mr. Montet: Before we enter on that, Mr. Lilienthal, I want to ask you a question about one provision in the McSwain bill. When the TVA sells power, say to Tupelo, does it not in its contract control the resale price of that power?

Mr. Lilienthal: Yes. The resale price is agreed upon.

P. 61

Mr. Montet: Do you consider the TVA an experiment for the benefit of the various States, or a yardstick, which it has been called here for 15 years?

Mr. Lilienthal: It has been described in those terms.

Mr. Montet: As an experiment or yardstick of measurement for the balance of the country, to ascertain what would be a fair rate for electricity?

Mr. Lilienthal: It has very useful purposes in that connection.

. . . . .

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 365 FOR IDENTIFICATION (Excluded)

Mr. Montet: Mr. Lilienthal, if you came down in Alabama and established a distributive system down there and controlled resale rates in all of these towns, and they could get power from you, of what avail would the Alabama Public Service Commission be if you wanted to control the rates? What good would all of this information be to the Public Service Commission of that State, if you are going to control the rates?

Mr. Lilienthal: We do not control the rates, except as they are fixed in contracts with particular communities. There is only one community in the whole State of Alabama at the moment that has its rates fixed in a contract with the TVA.

Mr. Montet: But you have your eyes on the balance of the State?

Mr. Lilienthal: The companies serving the balance of the State are regulated by the Alabama Public Service Commission, and suggestions from many other regulatory bodies have indicated that, for the purpose of determining what is a fair rate, this is information of a useful character.

P. 77

Mr. May: Are there any instances where you aided the community in taking over the privately owned distributing system in a town?

[fol. 2704] Mr. Lilienthal: Yes.

. . . . .

Mr. May: Now, I am conceding all that you say about the lack of value and all that, but you have frequently told those fellows, have you not, that public funds were available through the Public Works Administration and the Tennessee Valley Authority to aid the city in putting up a plant in competition with them?

Mr. Lilienthal: It was not necessary to tell them. The availability of PWA funds for power projects was known to the utility representatives.

[fol. 2705] COMPLAINANTS' EXHIBIT No. 365

Hearings before the Committee on Military Affairs,  
House of Representatives, 74th Congress, 1st Session.

(Original Exhibit)

[fol. 2706] EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 366  
FOR IDENTIFICATION, BEING "HEARINGS BEFORE THE COM-  
MITTEE ON MILITARY AFFAIRS, HOUSE OF REPRESENTATIVES,  
74TH CONGRESS, 1ST SESSION, VOL. 2" (Excluded)

Page 591

Mr. McLean: Is it not proper to say that the activities of  
the Electric Home and Farm Authority are incidentally part  
of and connected with the Tennessee Valley Authority?

Dr. Morgan: They are, and they are more than that.

Mr. McLean: I say that they are, and that is all.

Dr. Morgan: They are, but they are more than that.

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Mr. McLean: Let us assume that that is all perfectly all  
right, and everything you have done is justified, and that  
you are going to get an appropriation from Congress to  
finish up your work. Then what are you going to do next?  
That is what I want to know.

Dr. Morgan: We plan on working out with other depart-  
ments of the Government plans for rural electrification.

Mr. McLean: Let us get back into the Tennessee River.

Dr. Morgan: You mean by program—

Mr. McLean: Money expended; \$30,000,000; \$20,000,000;  
\$50,000,000. What is the next \$20,000,000 going to be spent  
for, and where are you going to get it?

Dr. Morgan: I am trying to answer your question.

Mr. McLean: I know all about the rural electrification.

Dr. Morgan: That is part of the program.

Mr. McLean: I want to know how many millions more the  
American people have got to put into your hands to be  
spilled down the Tennessee River. What is the next thing  
you are going to do, after you send this \$101,000,000?

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 366 FOR IDENTIFICATION (Excluded)

Dr. Morgan: I am trying to tell you. We expect to proceed with that program of rural electrification, of promoting that as far as we can.

Page 595

Mr. McLean: Who is going to promote rural electrification, Doctor?

Dr. Morgan: The Tennessee Valley Authority and the States cooperating, and local organizations.

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Mr. Wilcox: There is one other question, Mr. Chairman. Have there been any reductions in rates charged by private utilities in this same territory as the result of the competition afforded by the TVA?

Mr. Lilienthal: What the reasons were I am not certain. But the fact is that in the States in that area, of which there are 8, that would be directly affected, there were 30 companies that during this period reduced electric rates, totaling \$7,067,000.

[fol. 2707] Mr. Wilcox: In this territory since the TVA began its operations?

Mr. Lilienthal: Yes.

Page 834

Mr. Wilcox: Have there been rate reductions by private utilities in the Tennessee Valley area since TVA was organized?

Mr. Lilienthal: Yes.

Mr. Wilcox: How much have these savings amounted to in dollars?

Mr. Lilienthal: More than \$7,000,000 for Valley States from June 1933, to date.

Mr. Wilcox: Suppose TVA rates were put into effect throughout the United States. What would be the savings in rates to consumers?

Mr. Lilienthal: About \$791,000,000 yearly as compared with 1932 utility rates. Since then there have been many reductions.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 366 FOR IDENTIFICATION (Excluded)

Pages 834-36

Mr. May: Mr. Chairman, I just have a question or two. Mr. Lilienthal, under the provisions of the McSwain bill, the bond authority that you have provides that the bonds shall not be sold at an interest rate in excess of  $3\frac{1}{2}$  per cent.

It has been very clearly established in this record that the average cost of money to private utilities is  $5\frac{1}{2}$  per cent. So that you have there a difference of 2 per cent in the cost of money for operation purposes.

Would that be taken into account by you in fixing your schedule of rates, or was it?

Mr. Lilienthal: Yes; that was taken into account. There is no occasion for taking the highest cost of money to utilities. Five and a half per cent is high. Of course, a badly capitalized utility, with some unfortunate financial practices to live with, for example, would probably have to pay  $5\frac{1}{2}$  or perhaps more than that. But it did not seem fair to assume that kind of a case.

As a matter of fact, at the present time, refunding operations are going on at less than 4 per cent.

Mr. May: But that is in territory where they do not have this Government competition that you are giving to the Commonwealth & Southern and the Alabama Power Co. They cannot even finance the  $5\frac{1}{2}$  per cent, can they?

Mr. Lilienthal: I do not know about that. They have no refinancing presently necessary, that I know of.

Mr. May: What interest rate does their preferred stock carry?

Mr. Lilienthal: I imagine 6,  $6\frac{1}{2}$ , and 7 per cent. That is customary.

Mr. May: You do not pay any insurance, do you?

Mr. Lilienthal: We provide for insurance. I suppose we [fol. 2708] do not buy it. I do not imagine any Federal agency buys insurance.

Mr. May: You do not, in fact, pay any insurance premium, and you do not put any charge for insurance in your operating expenses?

Mr. Lilienthal: It must be taken into account in some fashion. But it would not be by the payment of insurance premium, I am confident of that.

## EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 366 FOR IDENTIFICATION (Excluded)

Mr. May: You have not included that in your rate base, have you?

Mr. Lilienthal: The cost is included in operations, but not as insurance premiums. It would be a very small item, relatively. I do not know just how it is handled. There will be some provision for insurance against destruction of property.

Mr. May: Do you have anything on workmen's compensation insurance?

Mr. Lilienthal: I am confident that no Federal agency takes insurance of that kind.

Mr. May: That is not taken into consideration. Do you take into consideration the fact that you do not have any cost of financing?

Mr. Lilienthal: Yes; in determining the interest rate, something between one-fourth and one-eighth of 1 per cent was estimated as the fiscal expense of the Treasury in the raising of Federal funds. This  $3\frac{1}{2}$  per cent at the present time is high, of course, for a Federal investment.

Mr. May: How much does it cost the Treasury?

Mr. Lilienthal. One-fourth to one-eighth of 1 per cent for fiscal expense.

Mr. May: One-fourth to one-eighth of 1 per cent?

Mr. Lilienthal: Yes, sir.

Mr. May: You have a preference also on freight rates in shipping to and from the territory, do you not?

Mr. Lilienthal: Yes.

Mr. May: Have you allowed for that?

Mr. Lilienthal: The Federal Government receives a reduction of one-third on shipments made over land-grant railroads. That is an infinitesimal advantage. The total advantage that that would be has been computed. A good deal has been made of this so-called "advantage." Of the total cost of a dam, the freight charges play so small a part that one-third reduction amounts to three ten-thousandths of a cent per kilowatt-hour. It would save 1 cent for every 1,000 kilowatt-hours used. The average residential consumer would save 1 cent every  $5\frac{1}{2}$  years as a result of these savings, or about 10 cents in lifetime. It is trivial.



EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 366 FOR IDENTIFICATION (Excluded)

Mr. May: Of course, the Tennessee Valley Authority has no dividends to pay, or interest to stockholders. Have you allowed for that?

Mr. Lilienthal: We have no stock, so, of course, there are no dividends. There is interest, as I suggested to Mr. Wilcox.

Mr. May: You do not figure that in your rate base as between a Government concern that does not pay dividends, and a private concern that must pay dividends.

Mr. Lilienthal: That is the surplus and that is available as a dividend to the United States Treasury, and in that way a dividend to the people of the country.

Mr. May: You did not figure in your rate base the amounts of money that you receive from other Federal agencies, nor the work that was performed by C.W.A. workmen and C.C.C. workmen.

[fol. 2709] Mr. Lilienthal: We have not had any of that work that was related to revenue-producing properties, that I know of, with the possible exception of some C.W.A. pole lines in Alabama, which have been accounted for. The C.C.C. work is not related to power operation.

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[fol. 2710] COMPLAINANTS' EXHIBIT No. 366

Hearings before the Committee on Military Affairs,  
House of Representatives, 74th Congress, 1st Session.

(Original Exhibit)

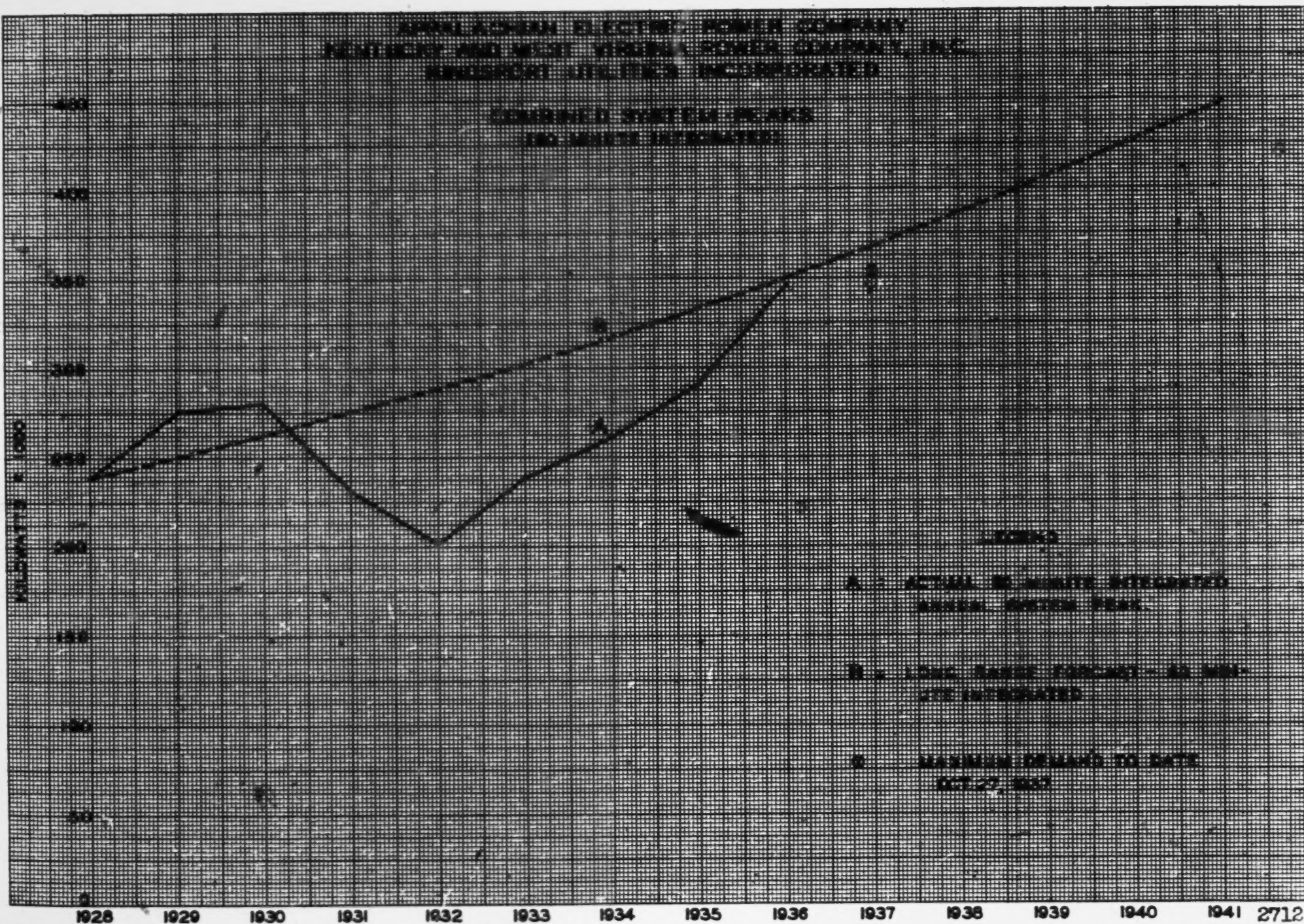
(Here follow four photolithographs, side folios 2711-2714)

Exhibit \_\_\_\_\_

COMBINED NET PEAKS  
(60-MINUTE INTEGRATED DEMANDS)  
FOR  
APPALACHIAN ELECTRIC POWER COMPANY  
KENTUCKY AND WEST VIRGINIA POWER COMPANY, INCORPORATED  
KINGSPORT UTILITIES, INCORPORATED

	<u>1928</u>	<u>1929</u>	<u>1930</u>	<u>1931</u>	<u>1932</u>	<u>1933</u>	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>
January	220,700	244,000	<u>280,600</u>	230,786	<u>204,420</u>	185,935	227,220	263,535	301,110	337,770
February	218,400	250,000	277,600	221,130	203,680	194,060	242,295	273,045	292,245	325,730
March	212,300	250,100	252,800	<u>231,730</u>	199,410	170,880	253,120	273,860	286,145	335,725
April	212,700	236,800	247,300	219,430	192,270	172,830	253,860	262,535	291,155	322,400
May	226,300	244,100	247,100	211,560	179,685	183,725	252,690	258,730	276,930	320,800
June	214,200	245,000	245,000	214,920	163,930	202,370	251,245	262,870	290,710	326,725
July	214,900	253,800	244,400	225,260	169,210	226,985	257,300	256,835	301,080	328,870
August	219,400	248,400	255,400	223,860	175,105	234,745	236,765	264,620	317,870	346,885
September	231,500	251,300	248,200	217,845	184,485	<u>239,270</u>	248,225	274,045	325,865	341,820
October	235,800	263,900	259,300	220,085	195,810	237,985	250,960	<u>291,855</u>	344,400	352,925 *
November	<u>238,100</u>	272,500	256,300	207,010	195,745	220,865	254,645	290,395	<u>346,410</u>	--
December	237,600	<u>275,300</u>	251,400	200,100	194,550	223,240	<u>261,510</u>	283,110	338,110	--

\* Peak to date - 1937. (October 27, 1937)



# COMPLAINANTS' EXHIBIT NO. 389

Exhibit No. 389

## APPALACHIAN ELECTRIC POWER COMPANY KENTUCKY AND WEST VIRGINIA POWER COMPANY, INCORPORATED KINGSPORT UTILITIES, INCORPORATED COMBINED LOADS AND GENERATING CAPACITIES - 1928 - 1941, INCLUSIVE

	(1)	(2)	(3)	(4)	(5)	(6)
				Capacity	Actual	Long Range
	Installed	Firm	Firm	Available	Simultaneous	Forecast
	Capacity	Capacity	Capacity	from	Peaks	(60 Minute
	Nameplate Rating	Dry Year	Full Hydro	Interconnections	(60 Minute	Integrated
Year	Kw	Kw	Kw	Kw	In grated)	Peak)
					Kw	Kw
1928	362,370	317,100	327,570	50,000	238,000	238,000
1929	370,540	317,100	329,100	50,000	275,000	250,000
1930	372,340	317,100	330,900	65,000	281,000	262,000
1931	372,840	318,700	331,400	65,000	232,000	276,000
1932	385,340	322,100	343,900	65,000	204,000	289,000
1933	380,590	317,100	338,900	65,000	239,000	304,000
1934	380,590	342,100	363,900	65,000	262,000	319,000
1935	404,390	352,900	390,400	65,000	292,000	335,000
1936	411,390	361,900	399,400	65,000	346,000	351,000
1937	455,790	416,300	453,800	67,000	353,000	369,000
1938	541,390	499,300	538,800	67,000	--	387,000
1939	541,390	499,300	538,800	67,000	--	406,000



	(1)	(2)	(3)	(4)	(5)	(6)
	Installed	Firm	Firm	Capacity	Actual	Long Range
	Capacity	Capacity	Capacity	Available	Simultaneous	Forecast
	Nameplate Rating	Dry Year	Full Hydro	from	Peaks	(60 Minute
				Interconnections	(60 Minute	Integrated
Year	Kw	Kw	Kw	Kw	In , grated)	Peak)
					Kw	Kw
1928	362,370	317,100	327,570	50,000	238,000	238,000
1929	370,540	317,100	329,100	50,000	275,000	250,000
1930	372,340	317,100	330,900	65,000	281,000	262,000
1931	372,840	318,700	331,400	65,000	232,000	276,000
1932	385,340	322,100	343,900	65,000	204,000	289,000
1933	380,590	317,100	338,900	65,000	239,000	304,000
1934	380,590	342,100	363,900	65,000	262,000	319,000
1935	404,390	352,900	390,400	65,000	292,000	335,000
1936	411,390	361,900	399,400	65,000	346,000	351,000
1937	455,790	416,300	453,800	67,000	353,000 •	369,000
1938	541,390	499,300	538,800	67,000	--	387,000
1939	541,390	499,300	538,800	67,000	--	406,000
1940	541,390	499,300	538,800	67,000	--	427,000
1941	541,390	499,300	538,800	67,000	--	448,000

• 1937 Peak to date (October 27, 1937)

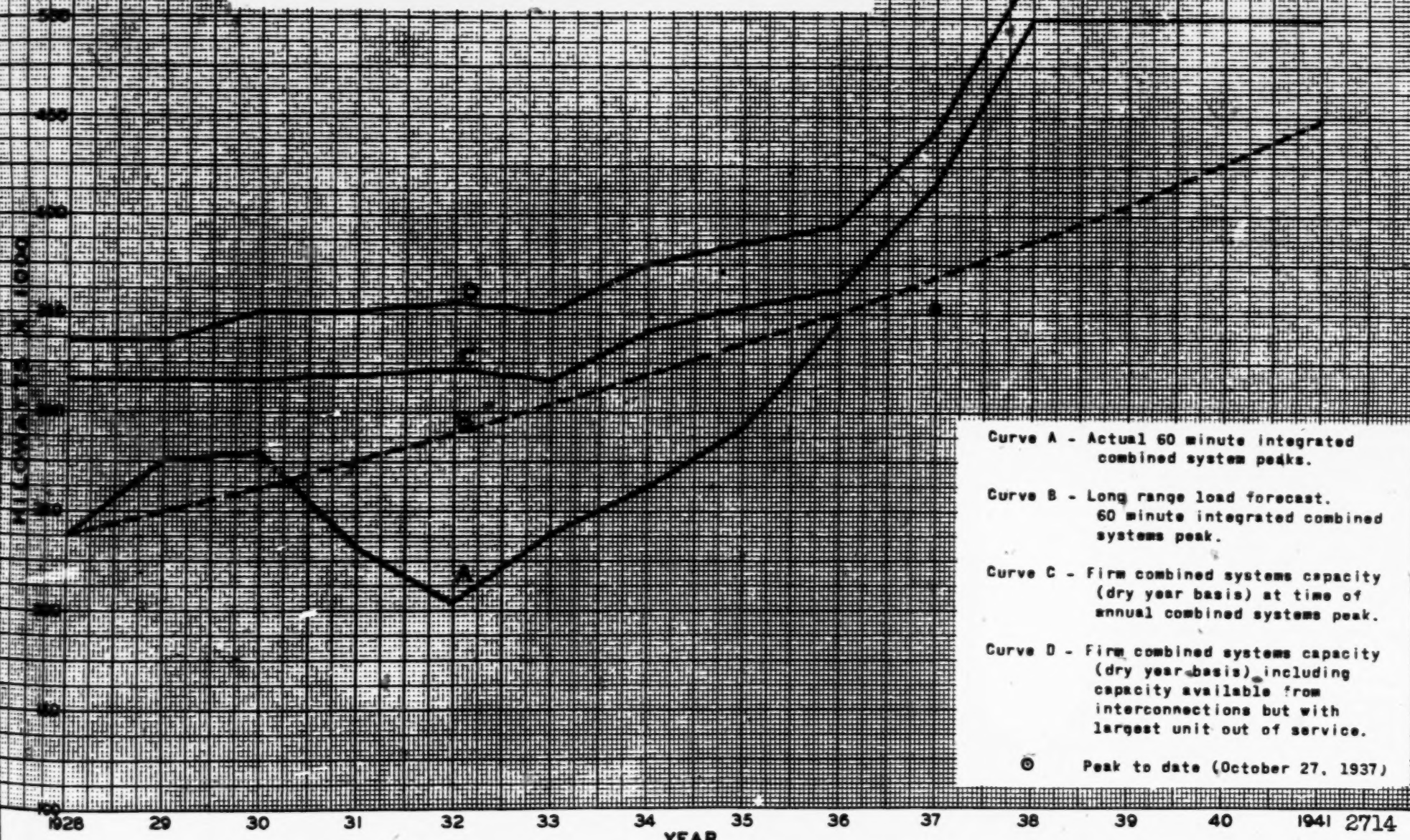
Note: No allowance made for outage of major equipment for maintenance. Maintenance programs are coordinated with the affiliated and non-affiliated interconnected system and carried out at times when maximum help is available from these interconnections. In so far as possible it is further coordinated so as to be carried out at times when the system hydro capacity is at a maximum.



## COMPLAINANTS' EXHIBIT NO. 370

INTERCONNECTED SYSTEMS OF  
 APPALACHIAN ELECTRIC POWER COMPANY  
 KENTUCKY AND WEST VIRGINIA POWER COMPANY, INC.  
 KINGSPORT UTILITIES, INCORPORATED

COMBINED LOADS AND GENERATING CAPACITIES - 1928-1941 INCLUSIVE



## COMPLAINANTS' EXHIBIT No. 371

[fol. 2715]

Summary of Capacities Available to Commonwealth & Southern System—1937  
(Southern System)

		Installed Capacities and Other Sources—Kilowatts							
Interconnected System		Number of Sources	Alabama	Georgia	Tennessee	South Carolina	Mississippi	Gulf	Total
Owned & Leased Generating Equipment—kw.:									
Hydro Plants.....	43	414,500	289,875	139,742	23,600	.....	.....	.....	867,717
Primary Steam.....	8	140,000	60,000	101,000	6,500*	.....	.....	.....	307,500
Secondary Plants:									
Owned.....	41	17,140	29,855	1,030	1,022	17,874	2,602	.....	69,523
Leased.....	5	8,000	750	.....	.....	.....	.....	.....	8,750
Available to system from:									
Customers' Plants.....	20	9,850	16,015	5,080	1,500	1,375	.....	.....	33,820
Purchased Power.....	4	17,500	.....	.....	.....	1,000	.....	.....	18,500
Total Secondary.....	70	52,490	46,620	6,110	2,522	20,249	2,602	.....	130,593
Total Interconnected System.....	121	606,990	396,495	246,852	32,622	20,249	2,602	.....	1,305,810
Isolated Districts:									
Owned & Leased—Available to System.....	17	104	4,144	1,587	20,610	828	2,000	.....	29,273
Total Installed Capacities.....	138	607,094	400,639	248,439	53,232	21,077	4,602	.....	1,335,083
		Maximum Capabilities Less Station Use Only—Kilowatts							
Interconnected System									
Owned & Leased Generating Equipment—kw.:									
Hydro Plants.....		457,000	311,700	139,116	21,000	.....	.....	.....	928,816
Primary Steam.....		150,750	63,700	100,500	6,500*	.....	.....	.....	321,450
Secondary Plants:									
Owned.....		15,537	26,945	980	755	15,075	2,702	.....	61,994
Leased.....		8,600	665	.....	.....	.....	.....	.....	9,265
Available to System from:									
Customers' Plants.....		9,850	16,015	5,080	1,500	1,375	.....	.....	33,820
Purchased Power.....		17,500	.....	.....	.....	1,000	.....	.....	18,500
Total Secondary Sources.....		51,487	43,625	6,060	2,255	17,450	2,702	.....	123,579
Total Interconnected System.....		659,237	419,025	245,676	29,755	17,450	2,702	.....	1,373,845
Isolated Districts:									
Owned & Leased—Available to System.....		80	3,790	1,225	16,325	675	2,000	.....	24,095
Total maximum capabilities less station use only..		659,317	422,815	246,901	46,080	18,125	4,702	.....	1,397,940

\* Including 4,000 kw. of firm purchased power.

[fol. 2716] COMPLAINANTS' EXHIBIT No. 372

Graph entitled "Commonwealth & Southern Corporation  
(Southern properties) Capacities and Loads 1929-39".

(Original Exhibit)

[fol. 2717] COMPLAINANTS' EXHIBIT No. 373

Resolution adopted by the Council of the City of Knoxville, Tennessee, on February 21, 1933.

Resolution No. 709

Whereas, there are now prospects of development of water power in the vicinity of Knoxville including the proposed Cove Creek and Muscle Shoals developments, and

Whereas, it is believed that plans for future ownership of a power plant should be considered, so as to serve the public in an effort to obtain more reasonable rates for its people.

Now, Therefore, be it Resolved by the Council of the City of Knoxville:

That the Mayor be and he is hereby authorized to appoint a committee for the purpose of studying the questions involved in connection with providing a power plant and distribution system to serve the people of Knoxville, and to determine the advisability and cost of such service.

Be it Further Resolved, That this resolution shall take effect from and after its passage.

(Signed) John T. O'Connor, Presiding Officer of the Council. (Signed) W. H. Stapleton, Recorder.

3128A

## COMPLAINANTS' EXHIBIT No. 374

[fol. 2718]

## SUMMARY

Adequacy of Power Supply Facilities  
(1929-1936 Actual; 1937-1940 Estimated)

Carolina Power &amp; Light Company

Tennessee Public Service Company

Holston River Electric Company

All in Kilowatts

	1929	1930	1931	1932	1933	Actual 1934	Forecast 1935	1936	1937	1938	1939	1940
<b>Name Plate Rating of Generators:</b>												
Carolina Power & Light Company .....	144,800	252,800	252,800	252,800	252,800	252,800	249,050	249,050	249,050	249,050	249,050	249,050
Tennessee Public Service Company .....	6,275	6,275	6,275	6,275	6,275	6,275	6,275	3,275	3,275	3,275	3,275	3,275
Holston River Electric Company .....	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Name Plate Rating.....</b>	<b>151,075</b>	<b>259,075</b>	<b>259,075</b>	<b>259,075</b>	<b>259,075</b>	<b>259,075</b>	<b>255,325</b>	<b>252,325</b>	<b>252,325</b>	<b>252,325</b>	<b>252,325</b>	<b>252,352</b>
<b>Power Purchased and Interchange.....</b>	<b>47,000</b>	<b>24,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>81,500</b>	<b>81,500</b>	<b>81,500</b>	<b>81,500</b>	<b>81,500</b>	<b>81,500</b>	<b>81,500</b>
<b>Customers Plants.....</b>	<b>5,800</b>	<b>2,600</b>	<b>3,100</b>	<b>4,800</b>	<b>6,300</b>	<b>6,800</b>	<b>10,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>
<b>Peak Capacity of Facilities:</b>												
Carolina Power & Light Company .....	168,150	259,950	315,450	317,150	318,650	321,650	321,850	322,850	322,850	322,850	322,850	322,850
Tennessee Public Service Company .....	26,150	3,150	3,150	3,150	3,150	3,150	3,150	3,150	3,150	3,150	3,150	3,150
Holston River Electric Company .....	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Peak Capacity Available.....</b>	<b>194,300</b>	<b>263,100</b>	<b>318,600</b>	<b>320,300</b>	<b>321,800</b>	<b>324,800</b>	<b>325,000</b>	<b>326,000</b>	<b>326,000</b>	<b>326,000</b>	<b>326,000</b>	<b>326,000</b>
<b>Machine Capacity not Useful at System Load Factor.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,737</b>	<b>14,628</b>	<b>25,200</b>	<b>25,200</b>	<b>25,200</b>	<b>25,200</b>
<b>Total Peak Capacity at System Load Factor (x).....</b>	<b>194,300</b>	<b>263,100</b>	<b>318,600</b>	<b>320,300</b>	<b>321,800</b>	<b>324,800</b>	<b>303,263</b>	<b>311,372</b>	<b>300,800</b>	<b>300,800</b>	<b>300,800</b>	<b>300,800</b>
<b>Territorial Peak Load.....</b>	<b>132,580</b>	<b>137,431</b>	<b>141,245</b>	<b>129,560</b>	<b>149,430</b>	<b>146,278</b>	<b>154,463</b>	<b>187,772</b>	<b>216,300</b>	<b>219,000</b>	<b>231,500</b>	<b>236,500</b>
<b>Total Surplus Capacity at System Load Factor.....</b>	<b>61,720</b>	<b>125,669</b>	<b>177,355</b>	<b>190,740</b>	<b>172,370</b>	<b>178,522</b>	<b>148,800</b>	<b>123,600</b>	<b>84,500</b>	<b>81,800</b>	<b>69,300</b>	<b>64,300</b>
<b>Less Reserve Capacity.....</b>	<b>22,800</b>	<b>48,800</b>	<b>48,800</b>	<b>48,800</b>	<b>48,800</b>	<b>48,800</b>	<b>48,800</b>	<b>48,800</b>	<b>48,800</b>	<b>48,800</b>	<b>48,800</b>	<b>48,800</b>
<b>Firm Capacity Surplus.....</b>	<b>38,920</b>	<b>76,869</b>	<b>128,555</b>	<b>141,940</b>	<b>123,570</b>	<b>129,722</b>	<b>100,000</b>	<b>74,800</b>	<b>35,700</b>	<b>33,000</b>	<b>20,500</b>	<b>15,500</b>
<b>System Load Factor for Period—% (x).....</b>	<b>54.6</b>	<b>44.5</b>	<b>48.3</b>	<b>50.0</b>	<b>48.7</b>	<b>51.6</b>	<b>56.5</b>	<b>55.2</b>	<b>57.5</b>	<b>57.5</b>	<b>57.5</b>	<b>57.5</b>

(x) For the dry period of a year of minimum water supply.



## COMPLAINANTS' EXHIBIT No. 374

[fol. 2719]

Carolina Power & Light Company  
Tennessee Public Service Company  
Holston River Electric Company

Power Supply Facilities  
For the Year 1929

		Dependable Capacity						
		Name Plate Rating of Generators Kilowatts	Favorable Water Supply		Critical Water Supply			
			Peak kw.	Average kw.	Peak kw.	Average kw.		
Generating Station:								
Tillery	—Hydro . . . .	62,000	62,000	39,000	62,000	16,000		
Blewett	— " . . . .	24,600	24,000		24,000			
Waterville	— " . . . .	0	0		0			
Marshall	— " . . . .	3,000	3,000		5,000		3,000	1,000
Weaver	— " . . . .	2,500	2,500					
Buckhorn	— " . . . .	2,900	2,900					
Other	— " . . . .	3,200	2,500					
Elk Mountain—Steam . . . .		13,000	13,000	12,000	13,000	12,000		
Cape Fear	— " . . . .	30,000	33,500	33,500	33,500	33,500		
Knoxville	— " . . . .	6,125	3,000	3,000	3,000	3,000		
Other	— " . . . .	3,750	3,000	3,000	3,000	3,000		
Total Generating Capacity . . . . .		151,075	149,400	95,500	141,500	68,500		
Power Purchased and Interchange:								
Wateree Contract . . . . .			14,000	7,000	14,000	7,000		
Saluda " . . . . .			0	0	0	0		
High Rock " . . . . .			10,000	0	10,000	0		
Appalachian " . . . . .			0	15,000	0	15,000		
Tennessee El. Pr. Contract . . . . .			23,000	13,200	3,000	13,200		
Total Purchase and Interchange . . . . .			47,000	35,200	47,000	35,200		
Plants of Resale & Secondary Customers:								
Champion Fibre Company . . . . .			0	0	0	0		
Resale Customers with Plants . . . . .			0	0	600	300		
Other Secondary Customers . . . . .			0	0	5,200	1,900		
Total Resale & Secondary Customers . . . . .			0	0	5,800	2,200		
Total Capacity Available . . . . .			196,400	130,700	194,300	105,900		
Reserves:								
Cape Fear Steam . . . . .		15,000	16,800	8,400	16,800	5,900		
Elk Mountain Steam . . . . .		6,000	6,000	3,000	6,000	3,000		
Total Reserves . . . . .		21,000	22,800	11,400	22,800	8,900		
Total Capacity Less Reserves . . . . .			173,600	119,300	171,500	97,000		
Territorial System Load for Peak Season . . . . .			132,580	72,413	132,580	72,418		
Firm Surplus Capacity . . . . .			41,020	46,887	38,920	24,587		
Firm Surplus Capacity at System Load Factor—54.6% . . . . .			41,000	22,400	38,920	20,800		

## COMPLAINANTS' EXHIBIT No. 374

[fol. 2720]

Carolina Power & Light Company  
Tennessee Public Service Company  
Holston River Electric Company

Power Supply Facilities  
For the Year 1930

Generating Station:	Name Plate Rating of Gener- ators Kilowatts	Dependable Capacity			
		Favorable Water Supply		Critical Water Supply	
		Peak kw.	Average kw.	Peak kw.	Average kw.
Tillery — Hydro . . . .	62,000	62,000	39,000	62,000	16,000
Blewett — " . . . .	24,600	24,000		24,000	
Waterville — " . . . .	108,000	105,000		95,000	
Marshall — " . . . .	3,000	3,000	5,000	3,000	1,000
Weaver — " . . . .	2,500	2,500			
Buckhorn — " . . . .	2,900	2,900			
Other — " . . . .	3,200	2,500			
Elk Mountain—Steam . . . .	13,000	13,000	12,000	13,000	12,000
Cape Fear — " . . . .	30,000	33,500	33,500	33,500	33,500
Knoxville — " . . . .	3,125	3,000	3,000	3,000	3,000
Other — " . . . .	3,750	3,000	3,000	3,000	3,000
Total Generating Capacity . . . . .	259,075	254,400	133,500	236,500	83,200
Power Purchased and Interchange:					
Wateree Contract . . . . .		14,000	7,000	14,000	7,000
Saluda " . . . . .		0	0	0	0
High Rock " . . . . .		10,000	0	10,000	0
Appalachian " . . . . .		0	18,000	0	18,000
Total Purchase and Interchange . . . . .		24,000	25,000	24,000	25,000
Plants of Resale & Secondary Customers:					
Champion Fibre Company . . . . .		0	0	0	0
Resale Customers with Plants . . . . .		0	0	600	300
Other Secondary Customers . . . . .		0	0	2,000	1,200
Total Resale & Secondary Customers . . . . .		0	0	2,600	1,500
Total Capacity Available . . . . .		278,400	158,500	263,100	109,700
Reserves:					
Cape Fear Steam . . . . .	15,000	16,800	8,400	16,800	5,900
Waterville Hydro . . . . .	36,000	35,000		32,000	
Total Reserves . . . . .	51,000	51,800	8,400	48,800	5,900
Total Capacity Less Reserves . . . . .		226,600	150,100	214,300	103,800
Territorial System Load for Peak Season . . . . .		137,431	61,110	137,431	61,110
Firm Surplus Capacity . . . . .		89,169	88,990	76,869	42,690
Firm Surplus Capacity at System Load Factor—44.5% . . . . .		89,169	39,680	76,869	34,200



## COMPLAINANTS' EXHIBIT No. 374

[fol. 2721]

Carolina Power &amp; Light Company

Tennessee Public Service Company

Holston River Electric Company

Power Supply Facilities  
For the Year 1931

		Name Plate Rating of Generators Kilowatts	Dependable Capacity				
			Favorable Water Supply		Critical Water Supply		
			Peak kw.	Average kw.	Peak kw.	Average kw.	
Generating Station:							
Tillery	—Hydro....	62,000	62,000	39,000	62,000	16,000	
Blewett	— ".....	24,600	24,000		24,000		
Waterville	— ".....	108,000	105,000	38,000	95,000	14,700	
Marshall	— ".....	3,000	3,000	5,000	3,000	1,000	
Weaver	— ".....	2,500	2,500				
Buckhorn	— ".....	2,900	2,900				
Other	— ".....	3,200	2,500				
Elk Mountain	—Steam.....	13,000	13,000	12,000	13,000	12,000	
Cape Fear	— ".....	30,000	33,500	33,500	33,500	33,500	
Knoxville	— ".....	6,125	3,000	3,000	3,000	3,000	
Other	— ".....	3,750	3,000	3,000	3,000	3,000	
Total Generating Capacity.....		259,075	254,400	133,500	236,500	83,200	
Power Purchased and Interchange:							
Wateree Contract.....			14,000	7,000	14,000	7,000	
Saluda ".....			55,000	17,100	55,000	28,500	
High Rock ".....			10,000	0	10,000	0	
Appalachian ".....			0	23,800	0	23,800	
Total Purchase and Interchange.....			79,000	47,900	79,000	59,300	
Plants of Resale & Secondary Customers:							
Champion Fibre Company.....			0	0	0	0	
Resale Customers with Plants.....			0	0	600	300	
Other Secondary Customers.....			0	0	2,500	1,400	
Total Resale & Secondary Customers.....			0	0	3,100	1,700	
Total Capacity Available.....			333,400	181,400	318,600	144,200	
Reserves:							
Cape Fear Steam.....		15,000	16,800	8,400	16,800	5,900	
Waterville Hydro.....		36,000	35,000	0	32,000	0	
Total Reserves.....		51,000	51,800	8,400	48,800	5,900	
Total Capacity Less Reserves.....			281,600	173,000	269,800	138,300	
Territorial System Load for Peak Season			141,245	68,185	141,245	68,185	
Firm Surplus Capacity.....			140,355	104,815	128,555	70,115	
Firm Surplus Capacity at System Load Factor—48.3%.....			140,355	67,790	128,555	62,090	

## COMPLAINANTS' EXHIBIT No. 374

[fol. 2722]

Carolina Power &amp; Light Company

Tennessee Public Service Company

Holston River Electric Company

Power Supply Facilities  
For the Year 1932

		Name Plate Rating of Generators Kilowatts	Dependable Capacity			
			Favorable Water Supply		Critical Water Supply	
			Peak kw.	Average kw.	Peak kw.	Average kw.
Generating Station:						
Tillery	—Hydro.....	62,000	62,000	39,000	62,000	16,000
Blewett	— " .....	24,600	24,000		24,000	
Waterville	— " .....	108,000	105,000	38,000	95,000	14,700
Marshall	— " .....	3,000	3,000	5,000	3,000	1,000
Weaver	— " .....	2,500	2,500			
Buckhorn	— " .....	2,900	2,900			
Other	— " .....	3,200	2,500			
Elk Mountain—Steam.....		13,000	13,000	12,000	13,000	12,000
Cape Fear	— " .....	30,000	33,500	33,500	33,500	33,500
Knoxville	— " .....	6,125	3,000	3,000	3,000	3,000
Other	— " .....	3,750	3,000	3,000	3,000	3,000
Total Generating Capacity.....		259,075	254,400	133,500	236,500	83,200
Power Purchased and Interchange:						
Wateree Contract.....			14,000	7,000	14,000	7,000
Saluda " .....			55,000	17,100	55,000	28,500
High Rock " .....			10,000	0	10,000	0
Appalachian " .....			0	23,800	0	23,800
Total Purchase and Interchange.			79,000	47,900	79,000	59,300
Plants of Resale & Secondary Customers:						
Champion Fibre Company.....			0	0	1,000	800
Resale Customers with Plants.....			0	0	800	400
Other Secondary Customers.....			0	0	3,000	1,700
Total Resale & Secondary Customers.....			0	0	4,800	2,900
Total Capacity Available.....			336,400	181,400	320,300	145,400
Reserves:						
Cape Fear Steam.....		15,000	16,800	8,400	16,800	5,900
Waterville Hydro.....		36,000	35,000		32,000	
Total Reserves.....		51,000	51,800	8,400	48,800	5,900
Total Capacity Less Reserves.....			281,600	173,000	271,500	139,500
Territorial System Load for Peak Season			129,560	64,793	129,560	64,793
Firm Surplus Capacity.....			152,040	108,207	141,940	74,707
Firm Surplus Capacity at System Load Factor—50.0%.....			152,040	71,020	141,940	70,970

## COMPLAINANTS' EXHIBIT No. 374

[fol. 2723]

Carolina Power &amp; Light Company

Tennessee Public Service Company

Holston River Electric Company

Power Supply Facilities  
For the Year 1933

## Dependable Capacity

	Name Plate Rating of Generators Kilowatts	Dependable Capacity			
		Favorable Water Supply		Critical Water Supply	
		Peak kw.	Average kw.	Peak kw.	Average kw.
Generating Station:					
Tillery — Hydro . . . .	62,000	62,000	39,000	62,000	16,000
Blewett — " . . . .	24,600	24,000		24,000	
Waterville — " . . . .	108,000	105,000	38,000	95,000	14,700
Marshall — " . . . .	3,000	3,000	5,000	3,000	1,000
Weaver — " . . . .	2,500	2,500			
Buckhorn — " . . . .	2,900	2,900			
Other — " . . . .	3,200	2,500			
Elk Mountain—Steam . . . .	13,000	13,000	12,000	13,000	12,000
Cape Fear — " . . . .	30,000	33,500	33,500	33,500	33,500
Knoxville — " . . . .	6,125	3,000	3,000	3,000	3,000
Other — " . . . .	3,750	3,000	3,000	3,000	3,000
Total Generating Capacity . . . . .	259,075	254,400	133,500	236,500	83,200
Power Purchased and Interchange:					
Wateree Contract . . . . .		14,000	7,000	14,000	7,000
Saluda " . . . . .		55,000	17,100	55,000	28,500
High Rock " . . . . .		10,000	0	10,000	0
Appalachian " . . . . .		0	23,800	0	23,800
Total Purchase and Interchange . . . . .		79,000	47,900	79,000	59,300
Plants of Resale & Secondary Customers:					
Champion Fibre Company . . . . .		0	0	2,500	2,000
Resale Customers with Plants . . . . .		0	0	800	400
Other Secondary Customers . . . . .		0	0	3,000	2,200
Total Resale & Secondary Customers . . . . .		0	0	6,300	4,600
Total Capacity Available . . . . .		333,400	181,400	321,800	147,100
Reserves:					
Cape Fear Steam . . . . .	15,000	16,800	8,400	16,800	5,900
Waterville Hydro . . . . .	36,000	35,000		32,000	
Total Reserves . . . . .	51,000	51,800	8,400	48,800	5,900
Total Capacity Less Reserves . . . . .		281,600	173,000	273,000	141,200
Territorial System Load for Peak Season . . . . .		149,430	72,728	149,430	72,728
Firm Surplus Capacity . . . . .		132,170	100,272	123,570	68,472
Firm Surplus Capacity at System Load Factor—48.7% . . . . .		132,200	64,380	123,570	60,179

## COMPLAINANTS' EXHIBIT No. 374

[fol. 2724]

Carolina Power & Light Company  
Tennessee Public Service Company  
Holston River Electric Company

Power Supply Facilities  
For the Year 1934

Generating Station:	Name Plate Rating of Generators Kilowatts	Dependable Capacity			
		Favorable Water Supply		Critical Water Supply	
		Peak kw.	Average kw.	Peak kw.	Average kw.
Tillery —Hydro....	62,000	62,000	39,000	62,000	16,000
Blewett — " ....	24,600	24,000		24,000	
Waterville — " ....	108,000	105,000	38,000	95,000	14,700
Marshall — " ....	3,000	3,000			
Weaver — " ....	2,500	2,500	5,000	3,000	1,000
Buckhorn — " ....	2,900	2,900			
Other — " ....	3,200	2,500			
Elk Mountain—Steam....	13,000	13,000	12,000	13,000	12,000
Cape Fear — " ....	30,000	33,500	33,500	33,500	33,500
Knoxville — " ....	6,125	3,000	3,000	3,000	3,000
Other — " ....	3,750	3,000	3,000	3,000	3,000
Total Generating Capacity.....	259,075	254,400	133,500	236,500	83,200
Power Purchased & Interchange:					
Wateree Contract.....		14,000	7,000	14,000	7,000
Saluda — " .....		55,000	17,100	55,000	28,500
High Rock — " .....		10,000	0	10,000	0
Appalachian — " .....		0	23,800	0	23,800
Tidewater Power Company.....		0	0	2,500	3,700
Total Purchase and Interchange.		79,000	47,900	81,500	63,000
Plants of Resale & Secondary Customers:					
Champion Fibre Company.....		0	0	3,500	2,900
Resale Customers with Plants.....		0	0	800	400
Other Secondary Customers.....		0	0	2,500	1,900
Total Resale & Secondary Customers.....		0	0	6,800	5,200
Total Capacity Available.....		333,400	181,400	324,800	151,400
Reserves:					
Cape Fear Steam.....	15,000	16,800	8,400	16,800	5,900
Waterville Hydro.....	36,000	35,000	0	32,000	0
Total Reserves.....	51,000	51,800	8,400	48,800	5,900
Total Capacity Less Reserves.....		281,600	173,000	276,000	145,500
Territorial System Load for Peak Season	146,278	75,551	146,278	75,551	
Firm Surplus Capacity.....	135,322	97,449	129,722	69,949	
Firm Surplus Capacity at System Load Factor—51.6%.....	135,322	69,800	129,722	66,900	

## COMPLAINANTS' EXHIBIT No. 374

[fol. 2725]

Carolina Power & Light Company  
Tennessee Public Service Company  
Holston River Electric Company

Power Supply Facilities  
For the Year 1935

		Name Plate Rating of Gener- ators Kilowatts	Dependable Capacity			
			Favorable Water Supply		Critical Water Supply	
			Peak kw.	Average kw.	Peak kw.	Average kw.
Generating Station:						
Tillery	—Hydro.....	62,000	62,000	39,000	62,000	16,000
Blewett	— " .....	24,600	24,000		24,000	
Waterville	— " .....	108,000	105,000	5,000	95,000	14,700
Marshall	— " .....	3,000	3,000			
Weaver	— " .....	2,500	2,500			
Buckhorn	— " .....	2,900	2,900			
Other	— " .....	3,200	2,500	12,000	13,000	12,000
Elk Mountain—Steam.....		13,000	13,000			
Cape Fear	— " .....	30,000	33,500		33,500	33,500
Knoxville	— " .....	6,125	3,000	3,000	3,000	
Other	— " .....	0	0	0	0	
Total Generating Capacity.....		255,325	251,400	130,500	333,500	80,200
Power Purchased and Interchange:						
Wateree Contract.....			14,000	7,000	14,000	7,000
Saluda " .....			55,000	17,100	55,000	28,500
High Rock " .....			10,000	0	10,000	0
Appalachian " .....			0	23,800	0	23,800
Tidewater Power Company.....			0	0	2,500	3,700
Total Purchase and Interchange..			79,000	47,900	81,500	63,000
Plants of Resale & Secondary Customers:						
Champion Fibre Company.....			0	0	4,500	3,700
Resale Customers with Plants.....			0	0	1,000	500
Other Secondary Customers.....			0	0	4,500	2,200
Total Resale & Secondary Customers.....			0	0	10,000	6,400
Total Capacity Available.....			330,400	178,400	325,000	149,600
Reserves:						
Cape Fear Steam.....		15,000	16,800	8,400	16,800	5,900
Waterville Hydro.....		36,000	35,000	0	32,000	0
Total Reserves.....		51,000	51,800	8,400	48,800	5,900
Total Capacity Less Reserves.....			278,600	170,000	276,200	143,700
Territorial System Load for Peak Season			154,463	87,230	154,463	87,230
Firm Surplus Capacity.....			124,137	82,770	121,737	56,470
Firm Surplus Capacity at System Load Factor—56.5%.....			124,137	70,000	100,000	56,470
Excess Machine Capacity at System Load Factor.....					21,737	

## COMPLAINANTS' EXHIBIT No. 374

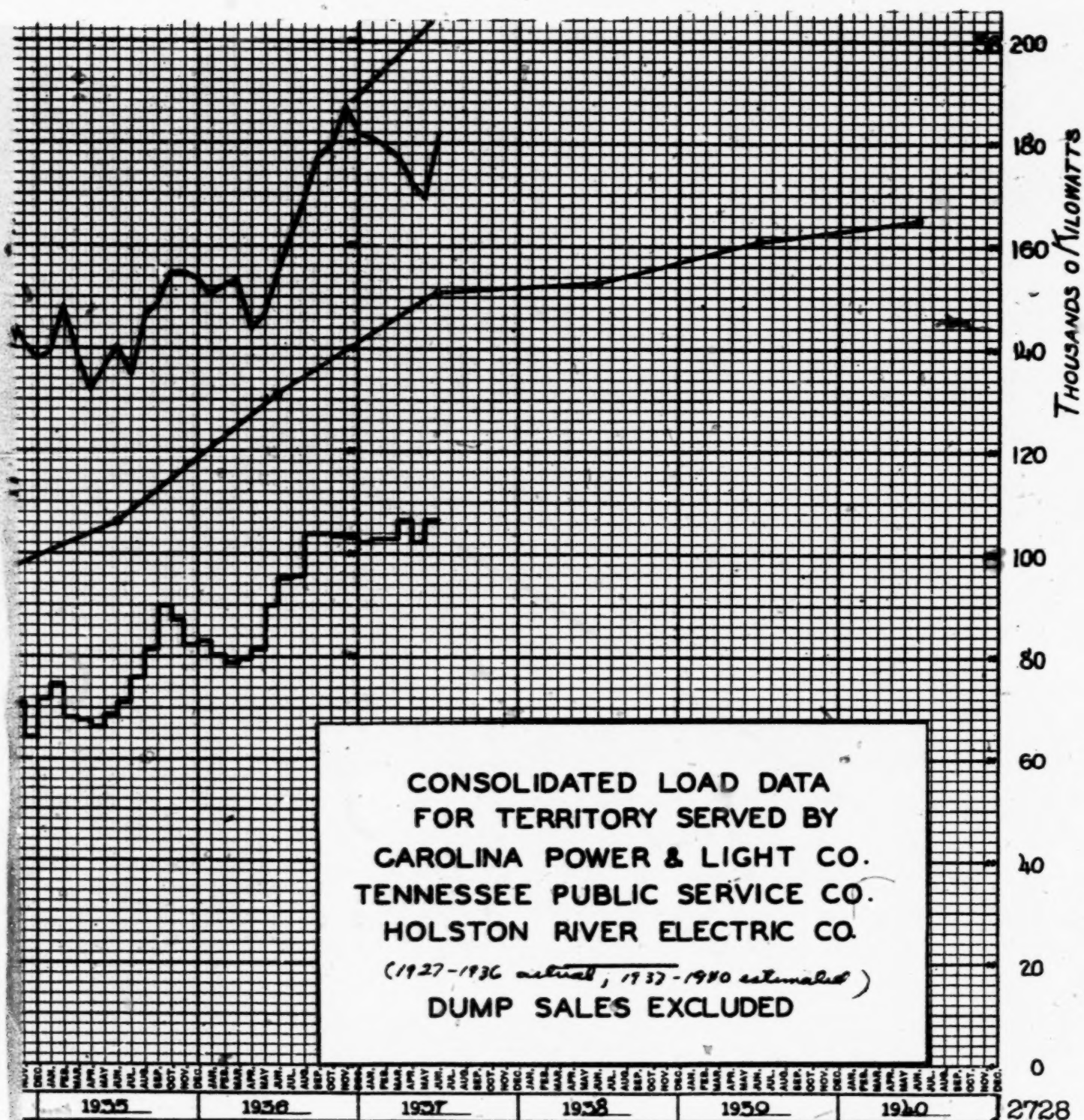
[fol. 2726]

Carolina Power & Light Company  
Tennessee Public Service Company  
Holston River Electric Company

Power Supply Facilities  
For the Year 1936

Generating Station:	Name Plate Rating of Generators Kilowatts	Dependable Capacity			
		Favorable Water Supply		Critical Water Supply	
		Peak kw.	Average kw.	Peak kw.	Average kw.
Tillery —Hydro....	62,000	62,000	39,000	62,000	18,000
Blewett — "....	24,600	24,000		24,000	
Waterville — "....	108,000	105,000		95,000	
Marshall — "....	3,000	3,000	5,000	3,000	1,000
Weaver — "....	2,500	2,500			
Buckhorn — "....	2,900	2,900			
Other — "....	3,200	2,500			
Elk Mountain—Steam.....	13,000	13,000	12,000	13,000	12,000
Cape Fear — "....	30,000	33,500	33,500	33,500	33,500
Knoxville — "....	3,125	3,000	3,000	3,000	3,000
Other — "....	0	0	0	0	0
Total Generating Capacity.....	252,325	251,400	130,500	233,500	80,200
Power Purchased and Interchange:					
Waterco Contract.....		14,000	7,000	14,000	7,000
Saluda ".....		55,000	17,100	55,000	28,500
High Rock ".....		10,000	0	10,000	0
Appalachian ".....		0	23,800	0	23,800
Tidewater Power Company.....		0	0	2,500	3,700
Total Purchase and Interchange.....		79,000	47,900	81,500	63,000
Plants of Resale & Secondary Customers:					
Champion Fibre Company.....		0	0	5,500	4,500
Resale Customers with Plants.....		0	0	1,000	500
Other Secondary Customers.....		0	0	4,500	2,600
Total Resale & Secondary Customers.....		0	0	11,000	7,600
Total Capacity Available.....		330,400	178,400	326,000	150,800
Reserves:					
Cape Fear Steam.....	15,000	16,800	8,400	16,800	5,900
Waterville Hydro.....	36,000	35,000	0	32,000	0
Total Reserves.....	51,000	51,800	8,400	48,800	5,900
Total Capacity Less Reserves.....		278,600	170,000	277,200	144,900
Territorial System Load for Peak Season	187,772	103,589	187,772	103,589	
Firm Surplus Capacity.....	90,828	66,411	89,428	41,311	
Firm Surplus Capacity at System Load Factor—55.2%.....	90,800	50,100	74,800	41,300	
Excess Machine Capacity at System Load Factor.....			14,628	.....	





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## COMPLAINANTS' EXHIBIT No. 374

[fol. 2727]

Summary of Power Requirements for Territory Served by  
(1928-36 Actual; 1937-1940 Estimated)

Carolina Power &amp; Light Company

Tennessee Public Service Company

Holston River Electric Company

	1928	1929	1930	1931	1932	1933	Actual 1934	Forecast 1935	1936	1937	1938	1939	1940
<b>Total Energy Sales—M kwh.</b>													
Carolina Power & Light Co.....	350,243	367,440	442,384	594,692	673,477	807,763	930,921	882,450	867,040	882,500	882,500	882,500	882,500
Tennessee Pub. Serv. Co.....	83,906	105,738	101,794	100,546	82,181	79,148	85,315	99,457	119,732	144,391	156,349	162,434	165,545
Holston River Elec. Co.....	280	355	545	774	950	1,030	1,223	1,262	1,414	1,644	1,800	1,890	1,961
<b>Total Sales—M kwh.....</b>	<b>434,429</b>	<b>473,533</b>	<b>544,723</b>	<b>696,012</b>	<b>756,608</b>	<b>887,941</b>	<b>1,017,459</b>	<b>983,169</b>	<b>988,186</b>	<b>1,028,535</b>	<b>1,040,649</b>	<b>1,046,824</b>	<b>1,050,006</b>
<b>Inter-company &amp; Dump Sales Included Above— M kwh.</b>													
Carolina Power & Light Co. Dump Sales....	3,563	15,921	76,294	158,166	261,682	342,433	453,709	338,151	193,798	107,325	95,178	51,252	33,268
Carolina Power & Light Co. Sales to T. P. S. Co.....	0	0	53,878	112,545	93,395	89,840	97,757	113,497	186,720	165,200	179,000	186,000	189,600
Tenn. Pub. Serv. Sales to Holston River Elec. Co.....	157	448	695	958	1,161	1,223	1,424	1,530	1,731	1,980	2,130	2,225	2,300
<b>Total Inter-company &amp; Dump Sales— M kwh.....</b>	<b>3,720</b>	<b>16,369</b>	<b>130,867</b>	<b>271,669</b>	<b>356,148</b>	<b>433,496</b>	<b>552,890</b>	<b>453,178</b>	<b>332,249</b>	<b>274,505</b>	<b>276,308</b>	<b>239,477</b>	<b>225,168</b>
<b>Total Territorial Sales—M kwh.....</b>	<b>430,709</b>	<b>457,164</b>	<b>413,856</b>	<b>424,343</b>	<b>400,460</b>	<b>454,445</b>	<b>464,569</b>	<b>529,991</b>	<b>655,937</b>	<b>754,030</b>	<b>764,341</b>	<b>807,347</b>	<b>824,838</b>
Unaccounted for Losses—M kwh.....	97,857	122,267	113,245	115,668	113,282	118,267	118,554	133,391	150,065	174,070	175,459	185,653	189,662
Unaccounted for Losses—%.....	18.5	21.1	21.5	21.4	22.1	20.6	20.3	20.1	18.6	18.7	18.7	18.7	18.7
<b>Total Territorial Energy Requirements—M kwh.</b>	<b>528,566</b>	<b>579,431</b>	<b>527,801</b>	<b>540,011</b>	<b>513,692</b>	<b>572,712</b>	<b>583,123</b>	<b>663,382</b>	<b>806,002</b>	<b>928,100</b>	<b>939,800</b>	<b>993,000</b>	<b>1,014,500</b>
<b>Annual Load Factor of Territorial Load—%....</b>	<b>47.6</b>	<b>49.9</b>	<b>43.8</b>	<b>43.6</b>	<b>45.1</b>	<b>43.7</b>	<b>45.5</b>	<b>49.0</b>	<b>48.9</b>	<b>49.0</b>	<b>49.0</b>	<b>49.0</b>	<b>49.0</b>
<b>Territorial Peak Load—kw.....</b>	<b>126,490</b>	<b>132,580</b>	<b>137,431</b>	<b>141,245</b>	<b>129,560</b>	<b>149,430</b>	<b>146,278</b>	<b>154,463</b>	<b>187,772</b>	<b>216,300</b>	<b>219,000</b>	<b>231,500</b>	<b>236,500</b>
<b>Kwh. Territorial Sales per kw. of Territorial Peak</b>	<b>3,405</b>	<b>3,449</b>	<b>3,011</b>	<b>3,004</b>	<b>3,091</b>	<b>3,041</b>	<b>3,176</b>	<b>3,431</b>	<b>3,490</b>	<b>3,490</b>	<b>3,490</b>	<b>3,490</b>	<b>3,490</b>



MILLIONS OF KILOWATT HOURS

900  
800  
700  
600  
500  
400  
300

Year's Forecast

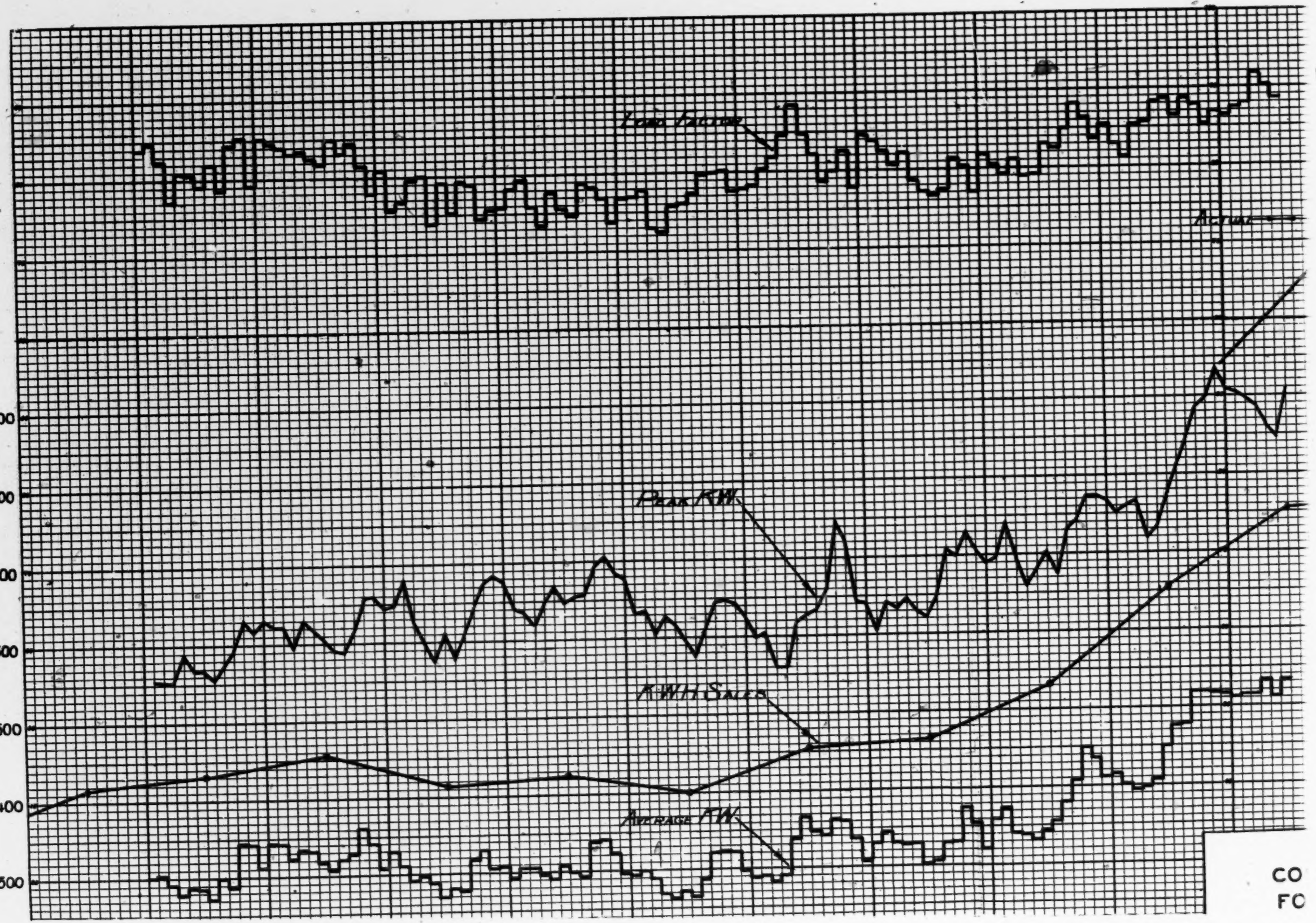
August

Peak KW

KWH Sales

Average KW

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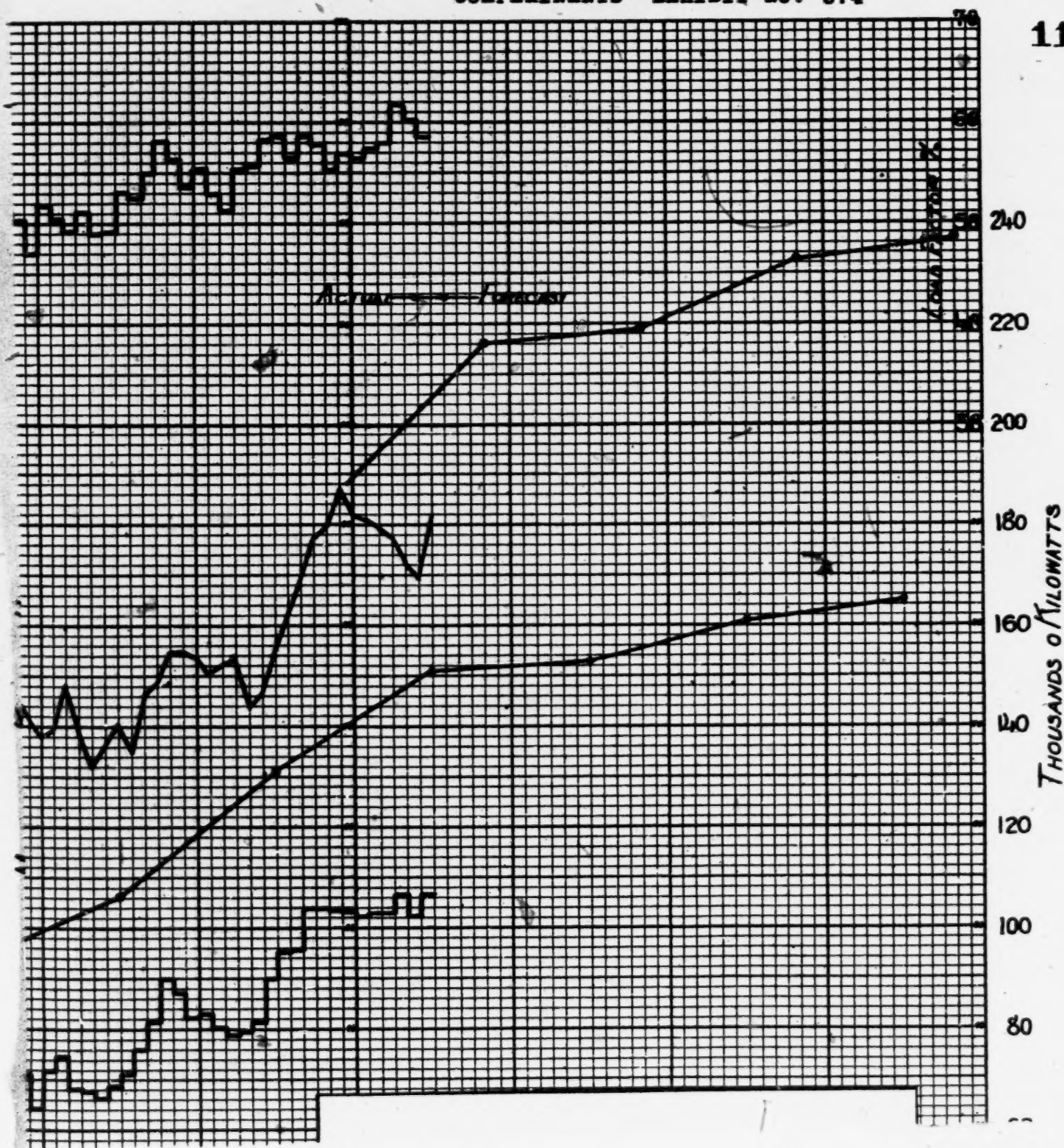
PEAK KW

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DEC. 1927 JAN. 1928 FEB. 1928 MAR. 1928 APR. 1928 MAY 1928 JUN. 1928 JUL. 1928 AUG. 1928 SEP. 1928 OCT. 1928 NOV. 1928 DEC. 1928 JAN. 1929 FEB. 1929 MAR. 1929 APR. 1929 MAY 1929 JUN. 1929 JUL. 1929 AUG. 1929 SEP. 1929 OCT. 1929 NOV. 1929 DEC. 1929 JAN. 1930 FEB. 1930 MAR. 1930 APR. 1930 MAY 1930 JUN. 1930 JUL. 1930 AUG. 1930 SEP. 1930 OCT. 1930 NOV. 1930 DEC. 1930 JAN. 1931 FEB. 1931 MAR. 1931 APR. 1931 MAY 1931 JUN. 1931 JUL. 1931 AUG. 1931 SEP. 1931 OCT. 1931 NOV. 1931 DEC. 1931 JAN. 1932 FEB. 1932 MAR. 1932 APR. 1932 MAY 1932 JUN. 1932 JUL. 1932 AUG. 1932 SEP. 1932 OCT. 1932 NOV. 1932 DEC. 1932 JAN. 1933 FEB. 1933 MAR. 1933 APR. 1933 MAY 1933 JUN. 1933 JUL. 1933 AUG. 1933 SEP. 1933 OCT. 1933 NOV. 1933 DEC. 1933 JAN. 1934 FEB. 1934 MAR. 1934 APR. 1934 MAY 1934 JUN. 1934 JUL. 1934 AUG. 1934 SEP. 1934 OCT. 1934 NOV. 1934 DEC. 1934 JAN. 1935 FEB. 1935 MAR. 1935 APR. 1935 MAY 1935 JUN. 1935 JUL. 1935 AUG. 1935 SEP. 1935 OCT. 1935 NOV. 1935 DEC. 1935 JAN. 1936 FEB. 1936 MAR. 1936 APR. 1936 MAY 1936 JUN. 1936 JUL. 1936 AUG. 1936 SEP. 1936 OCT. 1936 NOV. 1936 DEC. 1936 JAN. 1937 FEB. 1937 MAR. 1937 APR. 1937 MAY 1937 JUN. 1937 JUL. 1937 AUG. 1937





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## COMPLAINANTS' EXHIBIT No. 375

{fol. 2729}

## Summary

## Adequacy of Power Supply Facilities

Dependable Capacity and Firm Territorial Peak Loads  
(1929-1936 Actual; 1937-1940 Estimated)

## All in Kilowatts

	Actual								Forecast			
	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940
<b>Name Plate Rating of Generators:</b>												
Arkansas Power & Light Company.....	50,934	50,934	50,934	106,934	103,162	102,902	99,940	99,904	106,895	106,895	106,895	106,895
Louisiana Power & Light Company.....	90,518	90,518	90,518	90,518	90,218	89,968	86,874	86,874	86,762	86,762	86,762	86,762
Mississippi Power & Light Company.....	20,488	20,488	20,488	20,588	19,874	19,874	19,478	19,146	17,174	16,874	16,674	16,674
Memphis Power & Light Company.....	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
West Tennessee Power & Light Company.....	5,228	5,228	5,228	5,228	5,228	5,228	5,228	5,228	5,228	5,228	5,228	5,228
<b>Total Name Plate Rating.....</b>	<b>221,168</b>	<b>221,168</b>	<b>221,168</b>	<b>277,268</b>	<b>272,482</b>	<b>271,986</b>	<b>265,520</b>	<b>265,152</b>	<b>270,059</b>	<b>269,759</b>	<b>269,559</b>	<b>269,559</b>
<b>Peak Capacity of Facilities:</b>												
Arkansas Power & Light Company.....	40,000	41,100	41,100	77,100	77,100	77,100	76,350	76,100	86,850	114,850	124,850	124,850
Louisiana Power & Light Company.....	131,550	131,550	131,550	131,550	131,550	129,300	129,050	129,050	125,550	129,050	129,050	129,050
Mississippi Power & Light Company.....	16,000	16,000	16,000	16,000	15,450	15,450	15,000	14,700	14,750	14,500	14,600	14,600
Memphis Power & Light Company.....	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	54,000	54,000	54,000	54,000
West Tennessee Power & Light Company.....	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
<b>Total.....</b>	<b>243,650</b>	<b>244,750</b>	<b>244,750</b>	<b>280,750</b>	<b>280,200</b>	<b>277,950</b>	<b>276,500</b>	<b>275,950</b>	<b>285,250</b>	<b>316,500</b>	<b>326,600</b>	<b>326,600</b>
<b>Territorial Peak Load (a).....</b>	<b>156,351</b>	<b>163,204</b>	<b>169,260</b>	<b>162,410</b>	<b>164,082</b>	<b>168,234</b>	<b>181,681</b>	<b>218,961</b>	<b>245,000</b>	<b>263,900</b>	<b>278,800</b>	<b>290,700</b>
<b>Total Surplus Capacity.....</b>	<b>87,299</b>	<b>81,546</b>	<b>75,490</b>	<b>118,340</b>	<b>116,118</b>	<b>109,716</b>	<b>94,819</b>	<b>56,989</b>	<b>40,250</b>	<b>52,600</b>	<b>47,800</b>	<b>35,900</b>
<b>Less Reserves.....</b>	<b>39,500</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,500</b>	<b>41,500</b>	<b>42,500</b>	<b>43,500</b>	<b>44,000</b>	<b>44,500</b>
<b>Capacity Surplus.....</b>	<b>47,799</b>	<b>41,546</b>	<b>35,490</b>	<b>78,340</b>	<b>76,118</b>	<b>69,716</b>	<b>54,319</b>	<b>15,489</b>	<b>2,250</b>	<b>9,100</b>	<b>3,800</b>	<b>8,600†</b>

(a) Exclusive of Load for territory served as distribution voltage by power generated at New Orleans.

†Red in copy.



## COMPLAINANTS' EXHIBIT No. 375

## Arkansas Power &amp; Light Company

## Power Supply Facilities Available

1929 to 1939 Inclusive

(1929-1936 Actual; 1937-1939 Estimated)

Name	Plate Rating of Generators—kw.:	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
Rommel	—Hydro.....	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Carpenter	— ".....				56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
Russellville	— ".....	666	666	666	666	666	666	666	666	666	666	666
Russellville	—Steam.....	990	990	990	990	990	990	990	990	0	0	0
Eldorado	— ".....	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Pine Bluff	— ".....	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450
Little Rock	— ".....	18,050	18,050	18,050	18,050	17,150	17,150	15,650	15,650	24,650	24,650	24,650
Other	— ".....	4,844	4,844	4,844	4,844	1,972	1,972	510	510	0	0	0
Brinkley	—Diesel.....	192	192	192	192	192	192	192	192	192	192	192
Batesville	— ".....	602	602	602	602	602	602	602	602	602	602	602
Berryville	— ".....	200	200	200	200	200	200	200	200	200	200	200
Cotter	— ".....	282	282	282	282	282	282	282	282	282	282	282
Earle	— ".....	234	234	234	234	234	234	234	234	234	234	234
Harrison	— ".....	440	440	440	440	440	440	440	440	440	440	440
Lepanto	— ".....	348	348	348	348	348	348	348	348	348	348	348
McGehee	— ".....	440	440	440	440	440	440	440	440	440	440	440
Magnolia	— ".....	336	336	336	336	336	336	336	336	0	0	0
Dermott	— ".....	270	270	270	270	270	270	270	270	270	270	270
Monticello	— ".....	120	120	120	120	120	120	120	120	120	120	120
Other	— ".....	570	570	570	570	570	310	310	274	101	101	101
Total Name Plate Rating—kw.....		50,934	50,934	50,934	106,934	103,162	102,902	99,940	99,904	106,895	106,895	106,895
Dependable Peak Generating Capacity—kw.:												
Rommel	—Hydro.....	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Carpenter	— " (a).....				36,000	36,000	36,000	36,000	36,000	36,000	39,000	39,000
Russellville	— ".....	0	0	0	0	0	0	0	0	0	0	0
Eldorado	—Steam.....	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Pine Bluff	— ".....	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Little Rock	— ".....	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	25,000	25,000	25,000
Other	— ".....	1,000	1,000	1,000	1,000	1,000	1,000	250	0	0	0	0
All Diesel Plants.....		1,750	1,750	1,750	1,750	1,750	1,750	1,570	1,750	1,500	1,500	1,500
Total Peak Generating Capacity—kw.....		37,000	37,000	37,000	73,000	73,000	73,000	72,250	72,000	82,750	85,750	85,750
Purchase and Interchange—kw.:												
Citizens Electric Co.....		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Caddo River Lumber Co.....			100	100	100	100	100	100	100	100	100	100
Southwestern G. & E. Co. at Barryville.....			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Tennessee Valley Authority.....										0	25,000	35,000
Total Purchase and Interchange—kw.....		3,000	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	29,100	39,100
Total Dependable Peak Capacity—kw.....		40,000	41,100	41,100	77,100	77,100	77,100	76,350	76,100	86,850	114,850	124,850

(a) Peak Capacity during low water periods as limited by Water Supply, System Load Factor, etc.

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## COMPLAINANTS' EXHIBIT No. 375

[fol. 2731]

## Louisiana Power &amp; Light Company

Power Supply Facilities Available  
1929 to 1939 Inclusive

(1929-1936 Actual; 1937-1939 Estimated)

Name Plate Rating of Generators—kw.:	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
Sterlington —Steam.....	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Amite —".....	2,500	2,500	2,500	2,500	2,500	2,500	0	0	0	0	0
Donaldsonville —Diesel.....	776	776	776	776	776	776	776	776	776	776	776
Hammond —".....	300	300	300	300	300	0	0	0	0	0	0
Tallulah —".....	240	240	240	240	240	240	240	240	240	240	240
Haynesville —".....	220	220	220	220	220	220	220	220	220	220	220
Bernice —".....	184	184	184	184	184	184	0	0	0	0	0
Wineboro —".....	144	144	144	144	144	144	0	0	0	0	0
Luling —".....	140	140	140	140	140	140	0	0	0	0	0
Ferriday —".....	132	132	132	132	132	0	0	0	0	0	0
Kenner —".....	104	104	104	104	104	0	0	0	0	0	0
Columbia —".....	100	100	100	100	100	100	56	56	56	56	56
Church Point —".....	104	104	104	104	104	104	104	104	104	104	104
Marksville —".....	180	180	180	180	180	180	180	180	180	180	180
Napoleonville —".....	96	96	96	96	96	96	96	96	96	96	96
Other —".....	298	298	298	298	298	298	202	202	90	90	90
<b>Total Name Plate Rating—kw.....</b>	<b>90,518</b>	<b>90,518</b>	<b>90,518</b>	<b>90,518</b>	<b>90,218</b>	<b>89,982</b>	<b>86,874</b>	<b>86,874</b>	<b>86,762</b>	<b>86,762</b>	<b>86,762</b>
<b>Dependable Peak Generating Capacity—kw.:</b>											
Sterlington —Steam.....	96,000	96,000	96,000	96,000	96,000	96,000	96,000	96,000	96,000	96,000	96,000
Amite —".....	2,000	2,000	2,000	2,000	2,000	0	0	0	0	0	0
Donaldsonville —Diesel.....	750	750	750	750	750	750	750	750	750	750	750
All Other —".....	1,000	1,000	1,000	1,000	1,000	750	500	500	500	500	500
<b>Total Peak Generating Capacity—kw.....</b>	<b>99,750</b>	<b>99,750</b>	<b>99,750</b>	<b>99,750</b>	<b>99,750</b>	<b>97,500</b>	<b>97,250</b>	<b>97,250</b>	<b>97,250</b>	<b>97,250</b>	<b>97,250</b>
<b>Purchase and Interchange Peak—kw.:</b>											
New Orleans Public Service Inc. and Baton Rouge Electric Co.....	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	24,000	30,000	30,000
<b>Purchase and Interchange Peak—kw.:</b>											
Celotex Company.....									2,500		
So Kraft Corporation—Bastrop.....	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Gulf Public Service Co.—Winfield.....	400	400	400	400	400	400	400	400	400	400	400
Union Oil Mill—Monroe.....	400	400	400	400	400	400	400	400	400	400	400
<b>Total.....</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>4,300</b>	<b>1,800</b>	<b>1,800</b>
<b>Total Peak Capacity Available—kw.....</b>	<b>131,550</b>	<b>131,550</b>	<b>131,550</b>	<b>131,550</b>	<b>131,550</b>	<b>129,300</b>	<b>129,050</b>	<b>129,050</b>	<b>125,550</b>	<b>129,050</b>	<b>129,050</b>

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## COMPLAINANTS' EXHIBIT No. 375

[fol. 2732]

## Mississippi Power &amp; Light Company

Power Supply Facilities Available  
1929 to 1939 Inclusive

(1929-1936 Actual; 1937-1939 Estimated)

		1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
Name Plate Rating of Generators—kw.:												
Jackson	—Steam	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	4,500	4,500	4,500
Vicksburg	—"	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350
Fernwood	—"	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250
Greenville	—"	1,776	1,776	1,776	1,776	1,776	1,776	1,776	1,776	1,776	1,776	1,776
Brookhaven	—"	660	660	660	660	660	660	660	660	540	540	540
Grenada	—"	200	200	200	200	200	200	200	200	0	0	0
Cleveland	—"	430	430	430	430	430	430	266	266	0	0	0
Winona	—"	270	270	270	270	270	270	270	270	0	0	0
Other	—"	354	354	354	354	354	354	72	72	0	0	0
Grenada	—Diesel	336	336	336	336	336	336	336	336	336	336	336
Merit	—"	378	378	378	378	378	378	340	340	340	340	340
Sardis	—"	240	240	240	240	240	240	240	240	240	240	240
Rolling Fork	—"	215	215	215	215	215	215	215	215	215	215	215
Lexington	—"							136	136	136	136	136
Charleston	—"	196	196	196	196	196	196	196	136	136	136	136
Senatobia	—"	220	220	220	220	160	160	160	160	160	160	160
Tunica	—"	136	136	136	136	136	136	136	136	136	136	136
Carthage	—"	232	232	232	232	232	232	184	184	184	184	184
Mt. Olive	—"	88	88	88	88	213	213	213	213	213	213	213
Tylerton	—"	122	122	122	222	222	222	222	222	222	222	222
Liberty	—"	80	80	80	80	80	80	80	80	80	80	80
Natchez	—"	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Crystal Springs	—"								360	360	360	360
All Other	—"	1,955	1,955	1,955	1,955	1,176	1,176	1,176	664	500	200	0
Total Name Plate Rating—kw.		20,488	20,488	20,488	20,588	19,874	19,874	19,478	19,146	17,174	16,874	16,674
Dependable Peak Generating Capacity—kw.:												
Jackson	—Steam	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Vicksburg	—"	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Fernwood	—"	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Greenville	—"	1,250	1,250	1,250	1,250	900	900	900	900	900	900	900
Brookhaven	—"	600	600	600	600	600	600	600	500	500	500	500
Other Steam	—"	500	500	500	500	500	500	0	0	0	0	0
Natchez	—Diesel	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150
All Other	—"	2,000	2,000	2,000	2,000	1,750	1,750	1,750	1,500	1,500	1,200	1,200
Total Peak Generating Capacity—kw.		14,000	14,000	14,000	14,000	13,450	13,450	12,900	12,550	12,550	12,250	12,250
Purchase and Wholesale Customer—kw.:												
Yazoo City		300	300	300	300	300	300	400	450	500	550	600
McComb Cotton Mills		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Anderson Tully Lumber Co.		200	200	200	200	200	200	200	200	200	200	200
Total		2,000	2,000	2,000	2,000	2,000	2,000	2,100	2,150	2,200	2,250	2,350
Total Peak Capacity Available—kw.		16,000	16,000	16,000	16,000	15,450	15,450	15,000	14,700	14,750	14,500	14,600

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## COMPLAINANTS' EXHIBIT No. 375

[fol. 2733]

Memphis Power & Light Company  
and  
West Tennessee Power & Light Company

Power Supply Facilities Available  
1929 to 1939 Inclusive  
(1929-1936 Actual; 1937-1939 Estimated)

	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
Name Plate Rating of Generators—kw.:											
Memphis—Unit #1.....	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
" — " #2.....	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
" — " #3.....	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
" — " #4.....	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
" —D. C. Units.....	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,000
Total Memphis —Steam.....	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Jackson — ".....	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650
Brownsville — ".....	310	310	310	310	310	310	310	310	310	310	310
Ripley — ".....	500	500	500	500	500	500	500	500	500	500	500
Humboldt — " (a).....	570	570	570	570	570	570	570	570	570	570	570
Halls — ".....	60	60	60	60	60	60	60	60	60	60	60
Henderson —Diesel.....	78	78	78	78	78	78	78	78	78	78	78
Halls — ".....	60	60	60	60	60	60	60	60	60	60	68
Total Name Plate Rating—kw.....	59,228	59,228	59,228	59,228	59,228	59,228	59,228	59,228	59,228	59,228	59,228
Total Peak Generating Capacity—kw.:											
(Summer conditions)											
Memphis—Unit #1.....	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
" — " #2.....	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	17,000	17,000
" — " #3.....	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	9,000	9,000
" — " #4.....	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
" —D. C. Units.....	0	0	0	0	0	0	0	0	0	0	0
Total Memphis —Steam.....	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	54,000	54,000	54,000
Jackson — ".....	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Ripley — ".....	450	450	450	450	450	450	450	450	450	450	450
Humboldt — ".....	400	400	400	400	400	400	400	400	400	400	400
All Other Plants.....	250	250	250	250	250	250	250	250	250	250	250
Total Peak Generating Capacity—kw.....	56,100	56,100	56,100	56,100	56,100	56,100	56,100	56,100	58,100	58,100	58,100
Total Peak Capacity Available—kw.....	56,100	56,100	56,100	56,100	56,100	56,100	56,100	56,100	58,100	58,100	58,100

(a) Leased Plant.



3144

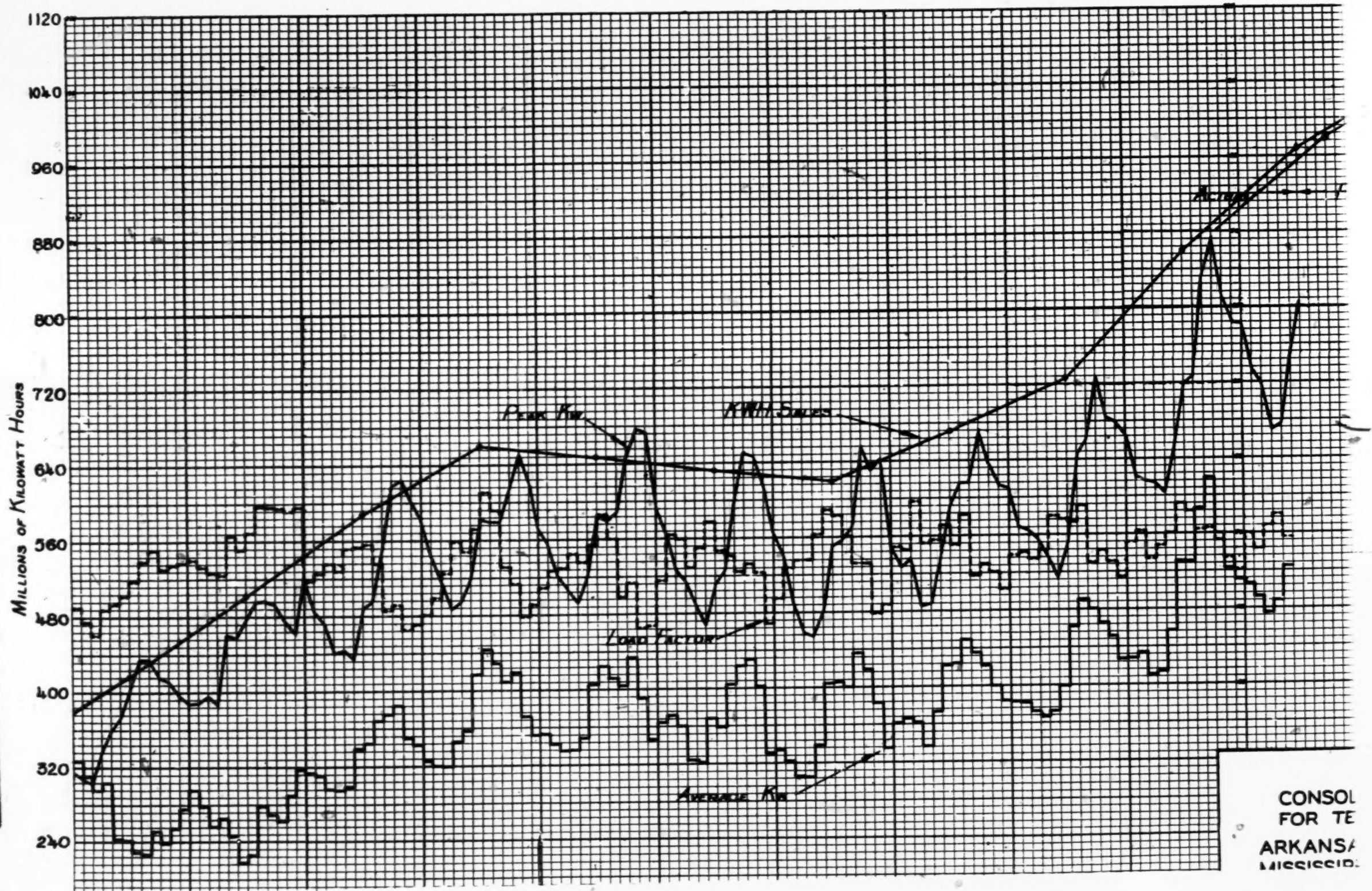
## COMPLAINANTS' EXHIBIT No. 375

## Summary of Power Requirements for Territory Served By

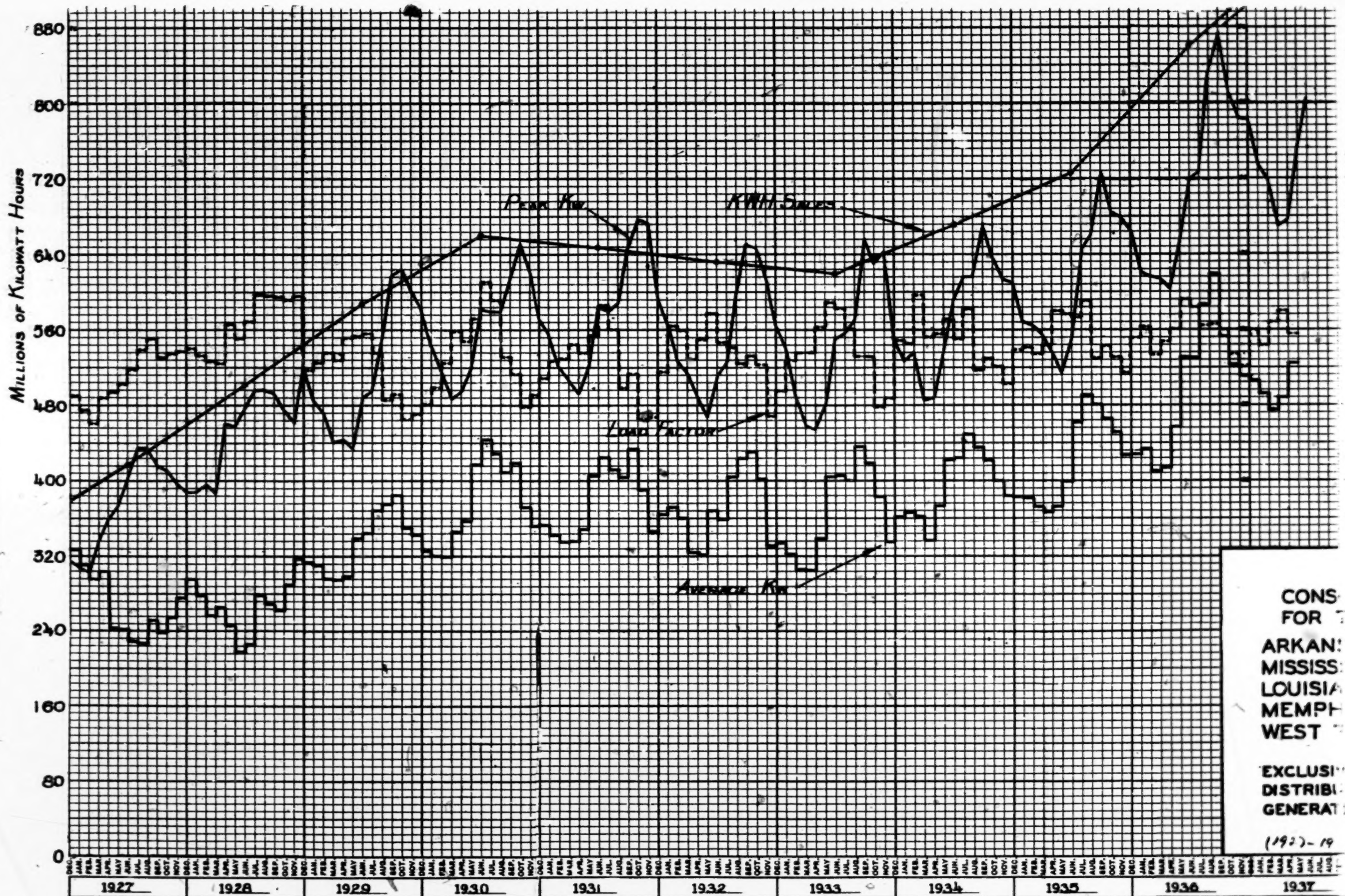
Arkansas Power & Light Company  
Louisiana Power & Light Company  
Mississippi Power & Light Company  
Memphis Power & Light Company  
West Tennessee Power & Light Company  
(1927-1936 Actual; 1937-1940 Estimated)

	Actual										Forecast			
	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940
Total Energy Sales—M kwh.:														
Arkansas Power & Light Co.....	139,218	214,193	264,058	268,017	240,369	238,959	235,889	255,716	279,239	311,797	353,116	378,105	402,644	422,885
Louisiana Power & Light Co. (x).....	194,476	325,762	421,645	514,184	522,781	465,763	447,441	498,101	469,469	662,125	665,769	594,066	509,474	525,120
Mississippi Power & Light Co.....	48,205	63,295	81,546	102,984	111,499	102,155	101,678	115,439	131,702	157,608	182,352	199,358	212,791	223,175
Memphis Power & Light Co.....	145,645	153,070	160,766	170,850	166,532	149,653	141,860	162,506	169,823	193,767	223,540	255,971	272,282	285,220
West Tennessee Power & Light Co.....	10,047	11,882	13,682	14,374	13,664	13,433	12,802	13,584	15,108	18,860	23,369	26,367	28,397	29,740
Total Sales—M kwh.....	537,591	768,202	941,697	1,070,409	1,054,845	969,963	939,670	1,045,346	1,065,341	1,344,157	1,448,146	1,453,867	1,425,588	1,486,140
Inter-company Sales Included Above— M kwh.:														
Arkansas Power & Light Co.....	665	12,911	6,560	3,899	5,321	13,731	19,034	4,772	22,531	1,336	1,500	1,500	1,500	1,500
Louisiana Power & Light Co.....	104,509	235,704	336,247	392,304	385,448	312,470	290,790	357,544	304,228	465,278	460,000	387,000	299,700	313,200
Mississippi Power & Light Co.....	0	0	0	0	0	0	0	0	0	0	700	5,000	5,000	5,000
Memphis Power & Light Co.....	15,958	16,366	10,941	13,783	14,966	11,470	9,761	11,181	12,276	18,071	18,000	18,000	18,000	18,000
West Tennessee Power & Light Co.....	0	110	11	31	35	1	0	1	1	0	0	0	0	0
Total Inter-company Sales—M kwh..	121,132	265,091	353,759	410,017	405,770	337,672	319,585	373,498	339,036	484,685	480,200	411,500	324,200	337,700
Total Territorial Sales—M kwh.....	416,459	503,111	587,938	660,392	649,075	632,291	620,085	671,848	726,305	859,472	967,946	1,042,367	1,101,388	1,148,440
Unaccounted for Losses—M kwh.....	88,838	126,538	145,470	164,241	178,733	183,761	181,955	203,152	196,764	239,213	272,254	292,433	308,612	321,460
Unaccounted for Losses—%.....	17.3	19.9	19.8	19.9	21.6	22.5	22.7	23.2	21.3	21.8	22.0	21.9	21.9	21.9
Total Territorial Energy Requirements— M kwh.....	514,777	636,704	733,408	824,633	827,808	816,052	802,040	875,000	923,069	1,098,685	1,240,200	1,334,800	1,410,000	1,469,900
Annual Load Factor—%.....	56.6	54.0	53.5	57.7	55.8	57.2	55.8	59.4	58.0	57.2	57.8	57.8	57.7	57.7
Territorial Peak Load—kw.....	103,803	134,358	156,351	163,204	169,260	162,410	164,082	168,234	181,681	218,961	245,000	263,900	278,000	290,700
Kwh. Territorial Sales per kw. of Territorial Peak.....	4,010	3,750	3,760	4,046	3,833	3,894	3,777	3,990	3,997	3,922	3,950	3,950	3,950	3,950

(x) Exclusive of area served at distribution voltage by power generated at New Orleans.





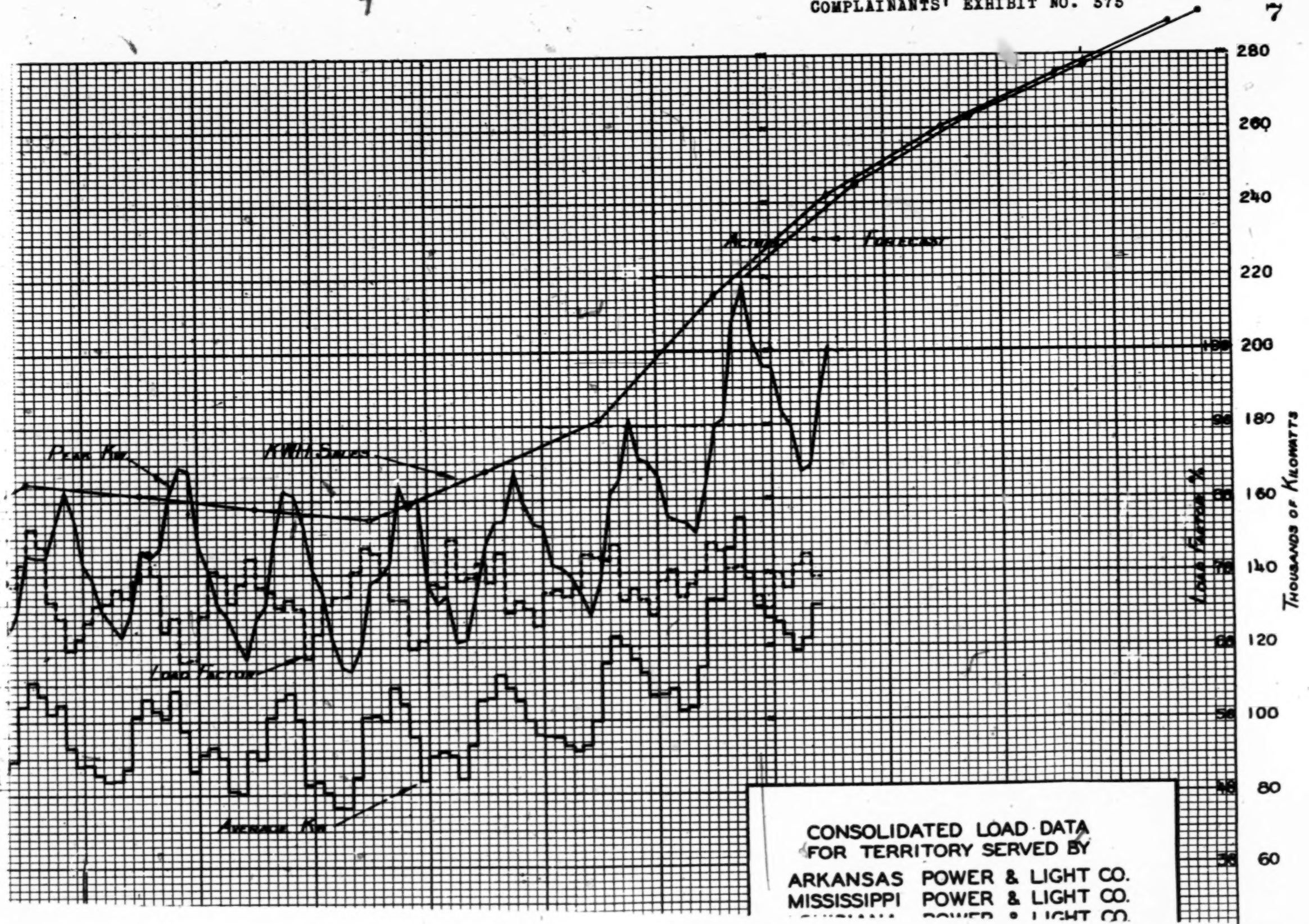


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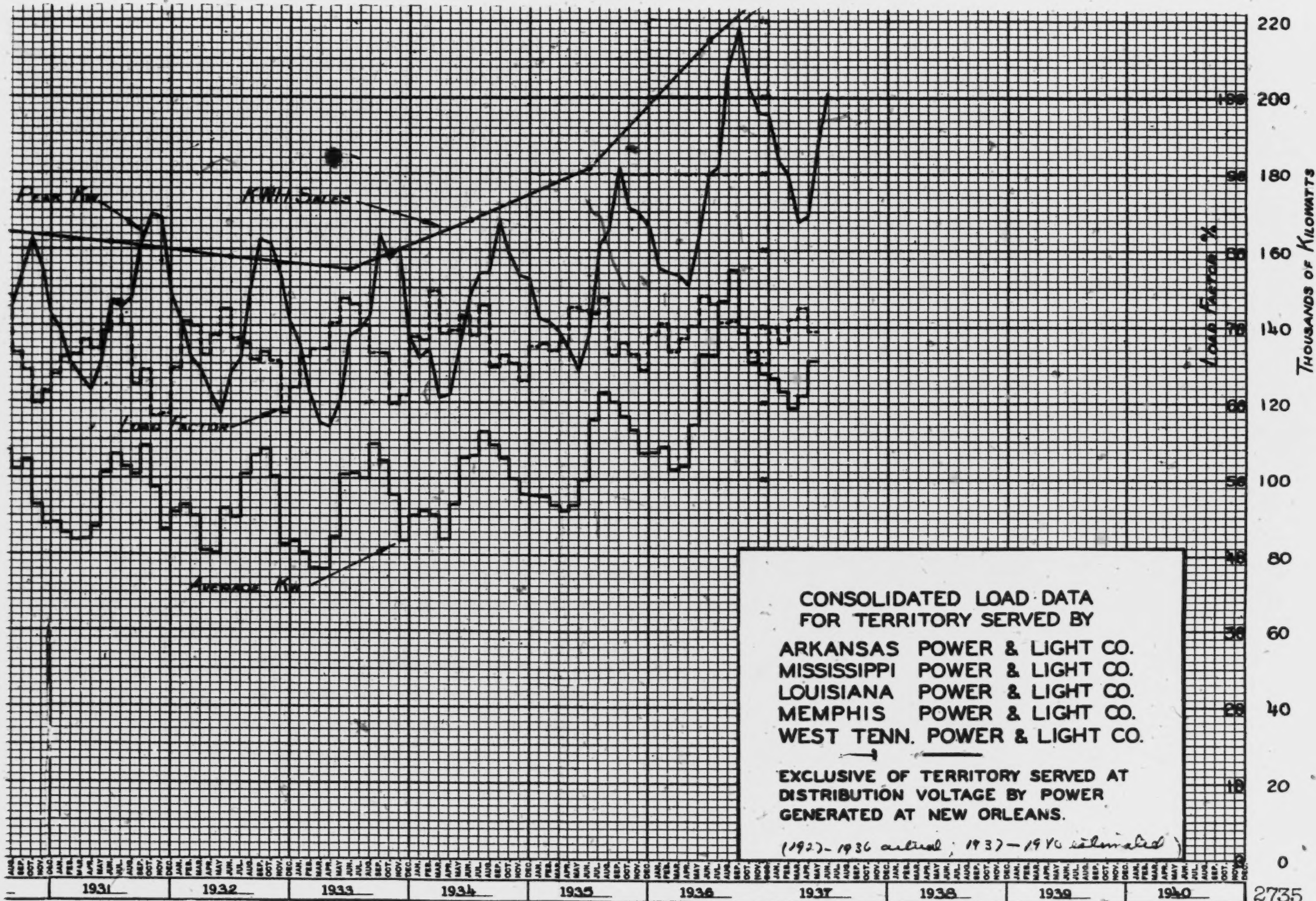
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3146

## COMPLAINANTS' EXHIBIT No. 376

[folio 2736]

Summary of Power Requirements for Territory Served by Birmingham Electric Company  
(1927-1936 Actual; 1937-1940 Estimated)

	Actual										Forecast			
	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940
Total Energy Sales—M kwh.....	251,214	262,729	257,882	247,836	224,044	171,715	167,708	188,218	199,453	243,759	273,074	293,970	312,515	325,248
Total Territorial Sales—M kwh.....	251,214	262,729	257,882	247,836	224,044	171,715	167,708	188,218	199,453	243,759	273,074	293,970	312,515	325,248
Unaccounted for Losses—M kwh.....	37,859	36,106	35,275	29,602	28,179	26,567	28,304	26,942	31,371	35,798	39,026	42,030	44,685	46,552
Unaccounted for Losses—%.....	13.1	12.1	12.0	10.7	11.2	13.4	14.4	12.5	13.6	12.8	12.5	12.5	12.5	12.5
Total Territorial Energy Requirements—M kwh.	289,073	298,835	293,157	277,438	252,223	198,282	196,012	215,160	230,824	279,557	312,100	336,000	357,200	371,800
Annual Load Factor—%.....	63.3	63.5	61.0	60.8	61.0	55.0	59.6	58.1	57.7	60.6	61.0	61.0	61.0	61.0
Territorial Peak Load—kw.....	52,128	53,720	54,820	52,120	47,200	41,200	37,600	42,310	45,712	52,588	58,400	62,900	66,800	69,600
Kwh. Territorial Sales per kilowatt of Territorial Peak.....	4,819	4,891	4,704	4,755	4,747	4,168	4,460	4,449	4,363	4,635	4,675	4,675	4,675	4,675

## COMPLAINANTS' EXHIBIT No. 376

[fol. 2737]

## Birmingham Electric Company

## Data from Monthly Financial and Operating Report

Month	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
					Maximum Hour—KW						
January	48,328	51,040	48,480	52,120	45,120	41,200	34,240	35,725	38,752	45,201	50,077
February	43,088	50,120	51,360	51,640	43,080	37,360	32,480	38,425	40,369	45,158	47,820
March	48,488	49,720	47,240	48,800	39,200	34,960	31,360	38,074	42,747	45,727	50,087
April	46,512	50,800	48,880	46,960	45,360	35,600	31,760	37,057	39,567	45,197	53,663
May	49,360	49,960	50,800	49,800	44,880	37,520	31,400	35,163	38,888	45,784	53,283
June	49,084	51,899	49,360	50,600	47,200	32,800	33,200	37,445	41,388	49,235	56,198
July	48,792	51,240	47,880	48,000	47,200	33,480	36,840	39,847	40,164	49,879	
August	46,779	53,720	49,040	49,520	45,080	33,120	37,600	41,985	41,414	49,275	
September	46,800	50,400	53,320	48,720	45,080	34,320	36,331	37,751	43,349	49,215	
October	49,280	49,720	52,040	45,520	42,720	34,160	33,794	41,653	39,731	48,146	
November	52,128	52,480	52,200	48,160	43,800	37,400	35,693	42,310	44,076	50,565	
December	50,592	52,680	54,820	46,480	44,840	36,440	37,105	40,942	45,712	52,588	
12 Months	52,128	53,720	54,820	52,120	47,200	41,200	37,600	42,310	45,712	52,588	

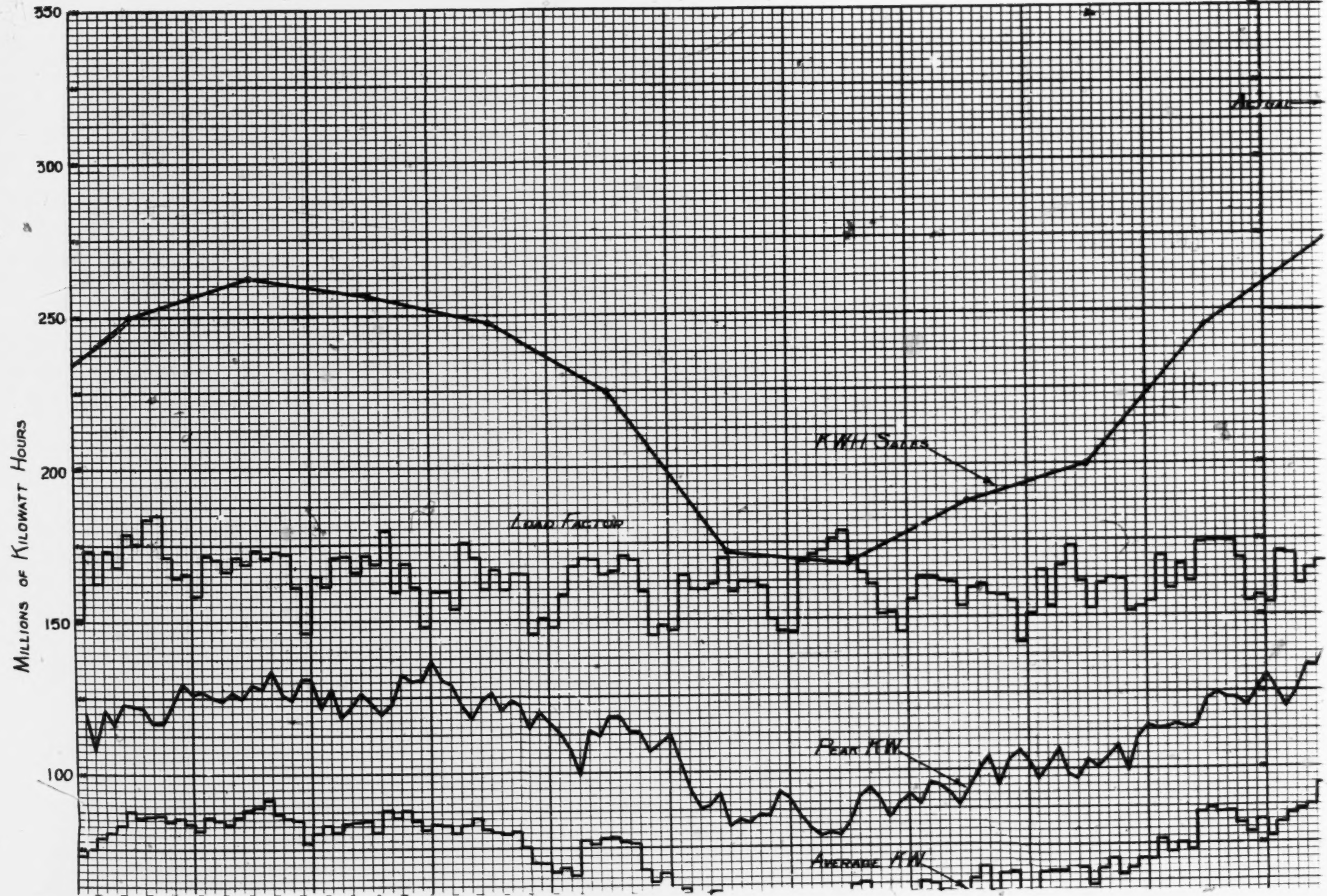
## Total Purchased—M-KWH

January	21,690	24,075	23,809	24,784	19,863	18,000	14,875	16,649	17,398	20,883	22,932
February	20,126	23,140	22,343	22,187	18,391	16,557	14,747	16,930	17,622	20,650	21,966
March	23,422	25,207	24,026	23,830	19,621	16,724	15,978	18,592	19,595	21,704	25,239
April	23,206	24,053	24,066	23,757	22,295	16,418	15,537	17,332	19,020	21,766	24,799
May	24,683	25,456	25,065	25,294	22,682	18,091	16,479	16,891	20,074	28,051	26,020
June	25,277	25,318	24,390	23,427	22,466	16,042	17,133	16,672	19,283	24,700	27,278
July	25,482	26,497	24,088	23,830	23,356	15,878	18,560	18,981	18,250	25,899	
August	25,616	27,386	26,242	23,639	22,968	16,059	18,751	20,150	19,866	25,659	
September	24,902	24,957	24,519	23,240	22,086	16,064	16,946	17,178	20,347	24,755	
October	25,144	25,457	26,181	22,432	20,303	16,397	15,232	19,508	19,233	24,303	
November	24,630	24,338	24,242	20,175	18,329	16,196	15,631	18,951	19,318	22,650	
December	24,929	22,951	24,235	20,842	19,862	15,856	16,112	17,327	20,818	24,539	
12 Months	289,073	298,835	293,157	277,438	252,223	198,282	196,012	215,160	230,824	279,557	

## Average Hourly Purchased—KW

	% L.F.		% L.F.		% L.F.		% L.F.		% L.F.		% L.F.		% L.F.		% L.F.	
January	29,153	60.3	32,359	63.5	32,001	66.1	33,312	63.9	26,698	59.2	24,194	58.7	19,993	58.4	22,378	62.6
February	29,949	69.5	33,247	66.4	33,248	64.6	33,016	64.0	27,368	63.5	23,789	63.7	21,945	67.6	25,194	65.6
March	31,481	65.0	33,880	68.2	32,293	68.4	32,030	65.6	26,372	67.3	22,479	64.3	21,476	68.5	24,989	65.6
April	32,231	69.5	34,796	68.5	33,425	68.5	32,996	70.3	30,965	68.3	22,803	64.1	21,579	67.9	24,072	65.0
May	33,149	67.0	34,215	68.4	33,690	68.3	33,997	68.3	30,487	67.9	24,316	64.8	22,149	70.6	22,703	64.6
June	35,088	71.5	35,164	67.7	33,875	68.6	32,538	64.3	31,202	66.1	22,281	67.9	23,796	71.7	23,156	61.8
July	34,250	70.3	35,614	69.5	32,309	67.4	32,030	66.7	31,393	66.5	21,341	63.7	24,946	67.7	25,512	64.0
August	34,430	73.5	36,809	68.4	35,272	69.4	31,772	64.2	30,871	68.5	21,585	65.2	25,203	67.9	27,083	64.5
September	34,588	70.0	34,663	68.8	34,053	71.8	32,278	66.3	30,675	68.0	22,231	64.8	23,536	64.8	23,858	63.2
October	33,796	68.6	34,216	68.8	35,190	66.0	30,151	66.2	27,289	63.9	22,039	64.5	20,514	60.7	26,221	63.0
November	34,208	65.8	33,803	64.4	33,669	64.5	28,021	58.2	25,457	58.1	22,494	60.1	21,710	60.8	26,321	62.2
December	33,507	66.2	30,848	58.5	32,577	62.2	28,015	60.3	26,698	60.6	21,311	58.5	21,657	58.4	23,288	56.9
12 Months	32,999	63.4	34,114	63.4	33,465	62.4	31,671	60.8	28,793	61.0	22,635	54.0	22,376	59.5	24,562	58.1







MILLIONS OF KILOWATT HOURS

250

200

150

100

50

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Load Factor

KWH Sales

Peak KW

Average KW

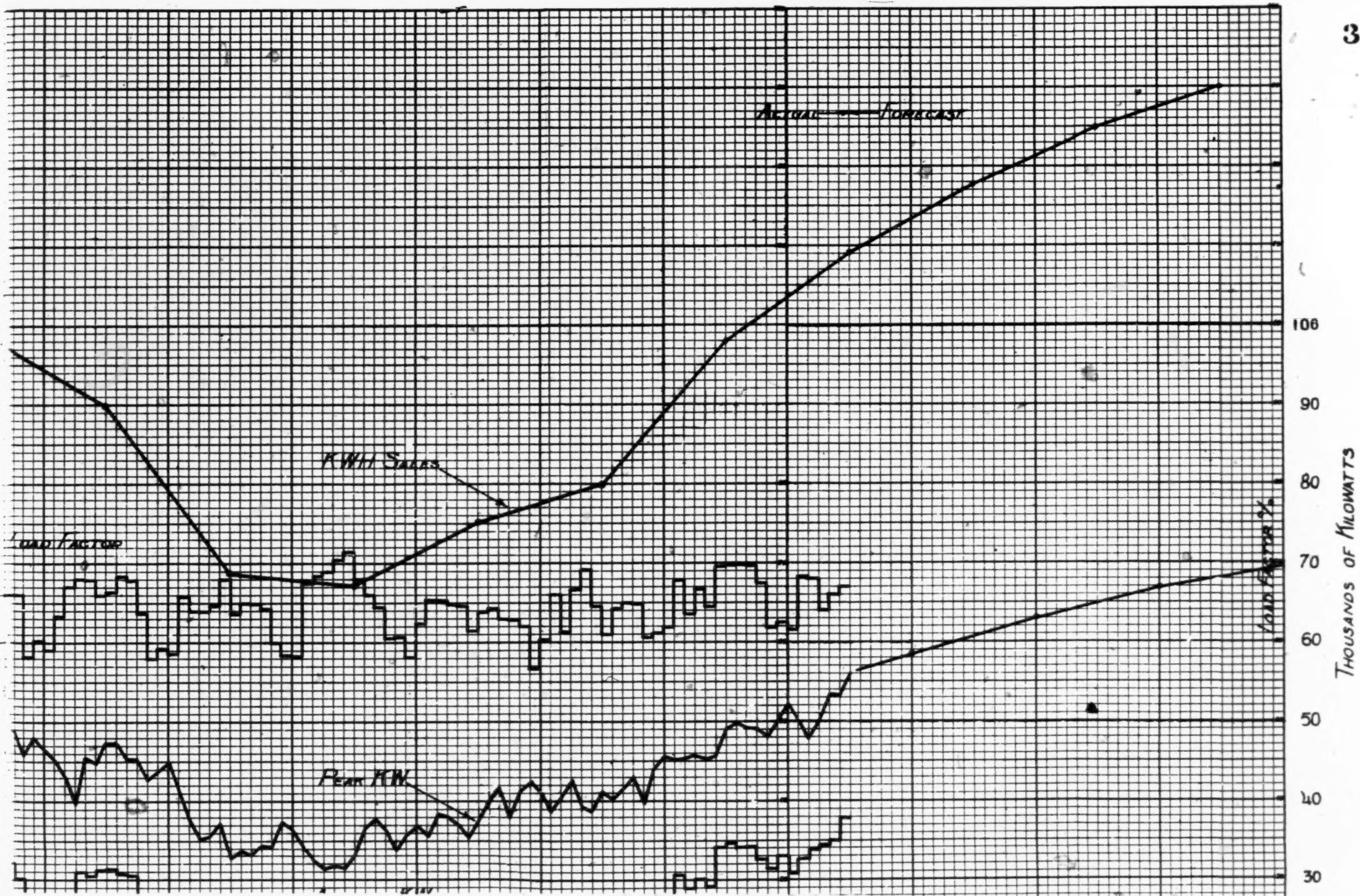
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**COMPLAINANTS' EXHIBIT NO. 577 (EXCLUDED)**

**STATE OF ALABAMA,**

**CITY OF SCOTTSBORO.**

**JACKSON COUNTY.**

---

**CONTINGENT POWER CONTRACT FOR**

**RESIDENTIAL CONSUMERS**

FOR AND IN CONSIDERATION of One (\$1.00) Dollar, in hand paid by J. W. Woodall, Mayor of the City of Scottsboro, Alabama, on behalf of the said city, the receipt whereof is hereby acknowledged, and in further consideration of the opportunity to secure lower electric rates for myself, and of the benefits that will accrue to me as a citizen of said city by reason of the net revenue which will be earned by the city from the municipal operation of its own electrical distribution system, it is hereby agreed as follows:

1. That when and if the City of Scottsboro, Alabama, has electrical energy of the required voltage for sale at the premises of the undersigned, and the city stands ready, and will sell to the undersigned such electrical current, so long as he is a purchaser of electrical current or energy in the territory served by the city's municipal system, the undersigned will purchase his entire requirements of electrical energy from the city, for a period of ten (10) years, beginning as soon as the service is available, but not later than December 31, 1938, it being understood that the said city will make every effort to provide the necessary facilities for the sale of electrical energy at the premises of the undersigned purchaser, prior to Dec. 31, 1938.

2. It is further agreed that the rates to be charged by the city and paid by the undersigned shall be the published municipal resale rates proposed by the Tennessee Valley Authority for residential consumers.

3. It is further agreed that in consideration of the foregoing, the City of Scottsboro will, when petitioned by a majority of the consumers of electrical energy, place the management and operation

FOR AND IN CONSIDERATION OF THE (1933) [unclear], and under  
paid by J. W. Woodall, Mayor of the City of Scottsboro, Alabama,  
on behalf of the said city, the receipt whereof is hereby  
acknowledged, and in further consideration of the opportunity  
to secure lower electric rates for myself, and of the benefits  
that will accrue to me as a citizen of said city by reason of the  
net revenue which will be earned by the city from the municipal  
operation of its own electrical distribution system, it is  
hereby agreed as follows:

1. That when and if the City of Scottsboro, Alabama, has  
electrical energy of the required voltage for sale at the premises  
of the undersigned, and the city stands ready, and will sell to the  
undersigned such electrical current, so long as he is a purchaser  
of electrical current or energy in the territory served by the  
city's municipal system, the undersigned will purchase his entire  
requirements of electrical energy from the city, for a period of  
ten (10) years, beginning as soon as the service is available, but  
not later than December 31, 1938, it being understood that the said  
city will make every effort to provide the necessary facilities for  
the sale of electrical energy at the premises of the undersigned  
purchaser, prior to Dec. 31, 1938.

2. It is further agreed that the rates to be charged by the  
city and paid by the undersigned shall be the published municipal  
resale rates proposed by the Tennessee Valley Authority for  
residential consumers.

3. It is further agreed that in consideration of the foregoing,  
the City of Scottsboro will, when petitioned by a majority of the  
consumers of electrical energy, place the management and operation  
of its power distribution system under the direct control and super-  
vision of a non political power commission.

Purchaser \_\_\_\_\_

Address \_\_\_\_\_

Witness \_\_\_\_\_

Date \_\_\_\_\_ 193\_\_ City of Scottsboro, Alabama.

2739

3149



COMPLAINANTS' EXHIBIT NO. 378

TENNESSEE VALLEY AUTHORITY

Knoxville, Tennessee

February 22, 1936

BOARD OF DIRECTORS

ARTHUR E. MORGAN, CHAIRMAN

MARCOURT A. MORGAN

DAVID E. LILIENTHAL

Mr. Ray McCullough  
Editor Sand Mountain Banner  
Guntersville, Alabama

My dear Mr. McCullough:

Judge Grubb's injunction, as you will recall, halted the TVA's cooperation with rural electrification activities in Alabama. That injunction will soon be dissolved as a result of the recent decision of the Supreme Court of the United States, upholding the constitutionality of TVA. This means that plans for making TVA electricity available in your area can proceed.

The Authority, as you know, is constructing a high-voltage transmission line from Wheeler Dam to the site near Guntersville. Engineering field surveys have been completed on this line and it is now entering the construction stage. Completion of this line by the end of the summer will supply an adequate source of power from Wilson Dam for rural electrification in this area.

During the past few months, many requests for cooperation in farm electrification programs have come to our field representatives. I can assure you that we are now ready to work with you in your efforts to bring electricity to the farms of your section of Alabama.

I should be glad to hear from you regarding any problems or questions which you and your neighbors have in this connection.

Mr. Ray McCullough  
Editor Sand Mountain Banner  
Guntersville, Alabama

My dear Mr. McCullough:

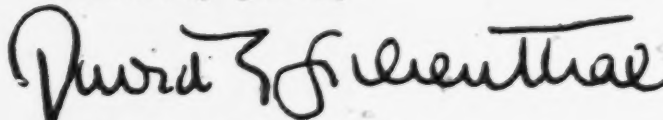
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I should be glad to hear from you regarding any problems or questions which you and your neighbors have in this connection.

Sincerely yours,



David E. Lilienthal  
Director

2740

3150



3131

**TENNESSEE VALLEY AUTHORITY**  
KNOXVILLE, TENNESSEE  

---

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID

PAYMENT OF POSTAGE, \$300



BUY U.S. SA  
BONDS  
ASK YOUR POST

Mr. Ray McCullough  
Editor Sand Mountain Banner  
Guntersville, Alabama

COMPLAINANTS' EXHIBIT NO. 378

2741



[fol. 2742] COMPLAINANTS' EXHIBIT No. 379

(No exhibit bearing this number.)

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[fol. 2743] COMPLAINANTS' EXHIBIT No. 380

Agreement Between Tennessee Valley Authority and  
Promoters of the North Georgia Electric Membership  
Corporation

This Agreement, entered into this 6th day of April, 1936, between D. S. Middleton, R. H. Bandy, R. P. Brison, T. W. Colvard, J. C. Johnston, R. C. Fuller, E. P. Hall and R. C. Pittman, being all of the promoters of the North Georgia Electric Membership Corporation (hereinafter called "Promoters") and the Tennessee Valley Authority, a corporation created by the Tennessee Valley Authority Act of 1933 (hereinafter called "Authority"):

Witnesseth:

Whereas, Authority is empowered by Section 10 of the Tennessee Valley Authority Act to promote and encourage the fullest possible use of electric light and power on farms and in small villages by constructing rural transmission lines thereto; and

Whereas, Promoters, representing numerous farmers and farm organizations in Catoosa, Chattooga, Whitfield, Murray, Walker, Gordon and Dade Counties, State of Georgia, have requested Authority to construct rural transmission and distribution lines in said Counties and to sell the same to a corporation to be organized by Promoters for purchasing and operating such lines; and

Whereas, Promoters and Authority desire to set forth and define, during the period preceding the completion of the organization of said Corporation, the terms and conditions upon which Authority shall build such lines:

Now, Therefore, for and in consideration of the mutual covenants contained herein, the parties hereto mutually agree as follows:

1. Authority agrees to construct in the above listed Counties for the Corporation to be organized by Promoters such rural transmission and distribution lines as Authority may deem feasible from the standpoint of both Authority and Corporation.

## COMPLAINANTS' EXHIBIT No. 380

2. Promoters agree to take the necessary steps to procure and complete as early as possible the incorporation under the Laws of the State of Georgia of a Corporation to be known as the North Georgia Electric Membership Corporation, the purpose of which shall be the acquisition and operation of electric transmission and distribution facilities for supplying electric light and power primarily to its own members at the lowest possible cost consistent with sound economy and good business practice, and without profit. Promoters shall be the incorporators of such Corporation and the Directors thereof for the first year after its incorporation or until their successors are elected.

[fol. 2745] 3. Promoters agree that when the organization of such Corporation is complete, Promoters will—

(a) Assign to the Corporation all their rights and obligations under this contract, and, as incorporators, members and directors of the Corporation, accept such assignment on behalf of the Corporation:

(b) Execute, as Incorporators, members and directors of the Corporation, a contract between the Corporation and Authority under which contract the Corporation agrees to accept a transfer from Authority of such rural transmission and distribution lines as Authority shall have constructed or may construct for the Corporation, and agrees to reimburse Authority for the cost to Authority of constructing such lines, including overheads, Corporation to pay such obligation to Authority out of the revenues accruing to Corporation from the operation of such facilities;

(c) Execute, as incorporators, members and directors of the Corporation, a standard power contract with Authority, under which the Corporation agrees to purchase power from Authority at wholesale and distribute the same to its members.

4. Promoters agree to secure at their own expense the easements necessary for the construction of the lines which Authority elects to build for the Corporation hereunder. [fol. 2746] Such easements shall be secured in form acceptable to Authority, shall run to and be the property of Promoters and assigns (or Corporation and assigns, if secured

## COMPLAINANTS' EXHIBIT No. 380

after the Corporation is organized), and shall be assigned by Promoters to Corporation without charge as soon as Corporation is organized. Provided, however, that in Catoosa County easements shall be secured by Promoters in the name of Authority and assigns, and shall be assigned by Authority to the Corporation, without charge, at the time the lines are transferred to Corporation.

5. Promoters agree to procure, in the name of Promoters of Corporation (except in Catoosa County, where franchises shall be secured in the name of Authority,) all the franchises and consents from the governing bodies of counties and the governing bodies of incorporated towns which may be necessary for the construction and operation by Authority or Corporation of the rural lines herein provided for. If possible, these franchises and consents shall be secured in such form as will permit their assignment by Promoters to Corporation without the necessity for approval of such assignment by said Courts and governing bodies.

[fol. 2747] In Witness Whereof, the parties hereto have set their hands the day and year first above written.

Tennessee Valley Authority, by Arthur E. Morgan,  
Chairman, Board of Directors.

Attest: Charles E. Hoffman, Assistant Secretary.

(Signed) R. P. Brison, E. P. Hall, Jr., D. S. Middleton, T. W. Colvard, Jr., R. H. Bandy, J. C. Johnston, R. C. Fuller, R. C. Pittman, Promoters of the North Georgia Electric Membership Corporation.

Identified as form of agreement submitted to the meeting of the Board of Directors and of the Stockholders of North Georgia Electric Membership Corporation held at Bank of Dalton Bldg., Dalton, Georgia, on June 15, 1936.

(S.) J. C. Johnston, Secretary. (Seal North Georgia Electric Membership Corporation.)

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[fol. 2748] COMPLAINANTS' EXHIBIT No. 381

Petition for Charter of Incorporation of the North Georgia Electric Membership Corporation.

(Omitted)

## COMPLAINANTS' EXHIBIT No. 382

Order of Whitfield County (Georgia) Superior Court granting charter to North Georgia Electric Membership Corporation.

(Omitted)

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## [fol. 2749] COMPLAINANTS' EXHIBIT No. 383

Assignment Contract between North Georgia Electric Membership Corporation and Promoters of North Georgia Electric Membership Corporation

Whereas, D. S. Middleton, R. H. Bandy, R. P. Brison, T. W. Colvard, J. C. Johnston, R. C. Fuller, E. P. Hall, and R. C. Pittman, Promoters of the North Georgia Electric Membership Corporation, executed an agreement with the Tennessee Valley Authority on April 6, 1936, whereby Authority agreed to construct certain rural electric lines for the North Georgia Electric Membership Corporation, and to sell and convey such lines to said Corporation when the organization of the Corporation should have been perfected and the rural electric lines completed, and

Whereas, Promoters agreed that as incorporators and directors of said Corporation they would accept the conveyance of such lines on behalf of the Corporation, and agree on behalf of the Corporation to pay Authority therefor the actual cost to Authority of constructing the same, and

Whereas, said contract of April 6, 1936, contained various other agreements and provided that the rights and obligations of the Promoters thereunder should be assigned to and accepted by Corporation when the organization of the Corporation should have been perfected, and

Whereas, the North Georgia Electric Membership Corporation has been duly incorporated and organized under the laws of the State of Georgia and the parties hereto desire to effect the assignment provided for in said contract of April 6, 1936:

Now, Therefore, in consideration of the mutual covenants contained herein, the parties hereto do mutually agree as follows:

1. D. S. Middleton, R. H. Bandy, R. P. Brison, T. W. Colvard, J. C. Johnston, R. C. Fuller, E. P. Hall, and R. C.



## COMPLAINANTS' EXHIBIT No. 383

Pittman, Promoters of the North Georgia Electric Membership Corporation, do hereby assign, transfer and release all their rights and obligations under that contract entitled "Agreement between Tennessee Valley Authority and Promoters of the North Georgia Electric Membership Corporation", executed on April 6, 1936, to the North Georgia Electric Membership Corporation.

2. The North Georgia Electric Membership Corporation hereby accepts the assignment and transfer of all the rights and privileges contained in said contract of April 6, 1936, and assumes and undertakes to fully discharge all the obligations incurred by the Promoters of the Corporation in said contract.

[fol. 2751] In Witness Whereof, the parties hereto set their hands this 16 day of June, 1936.

North Georgia Electric Membership Corporation, by  
R. H. Bandy, President.

Attest: J. C. Johnston, Secretary.

D. S. Middleton, R. H. Bandy, R. P. Brison, T. W. Colvard, J. C. Johnston, R. C. Fuller, E. P. Hall, R. C. Pittman, Promoters of the North Georgia Electric Membership Corporation. (Seal North Georgia Electric Membership Corporation.)

Attest: — — —.

JLF: WTM: LDN.

Identified as form of assignment contract submitted to the meeting of the stockholders and of the directors of North Georgia Electric Membership Corporation held at Bank of Dalton Bldg., Dalton, Georgia, on June 15, 1936.

[fol. 2752] COMPLAINANTS' EXHIBIT No. 384

Map of the lines of the North Georgia Electric Membership Corporation.

(Omitted)

[fol. 2753] COMPLAINANTS' EXHIBIT No. 385 (Excluded)

Construction loan contract between United States of America (Rural Electrification Administration) and North Georgia Electric Membership Corporation, dated September 2, 1936, in the amount of \$375,000.00.

(Omitted)

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COMPLAINANTS' EXHIBIT No. 386 (Excluded)

Mortgage and Deed of Trust of North Georgia Electric Membership Corporation to The First National Bank of Dalton, Georgia, to secure the loan from Rural Electrification Administration.

(Omitted)

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[fol. 2754] COMPLAINANTS' EXHIBIT No. 387

By-Laws of North Georgia Electric Membership Corporation

Article 1

Certificate of Incorporation

Section 1. The name, duration, location of principal office, place of business and purposes of the Corporation shall be as set forth in the Certificate of Incorporation.

Article II

Capital Stock

Section 1. The Board of Directors of the Corporation (hereinafter called "Board") shall have the power to issue or authorize the issuance of the common stock of the Corporation in an amount not to exceed Forty Thousand Dollars (\$40,000.00), consisting of shares with a par value of Ten Dollars (\$10.00) per share.

Section 2. The Secretary of the Corporation shall keep a book showing the number of shares of stock which have

## COMPLAINANTS' EXHIBIT No. 387

been issued by the Corporation, the purchasers thereof, and any assignments, repurchases or cancellations made thereof.

Section 3. Shares of stock may be issued upon the payment of Ten Dollars (\$10.00) in cash for each share, or upon the payment of Five Dollars (\$5.00) in cash for each share, together with five (5) promissory notes for One Dollar (\$1.00) each payable on the first day of each of the five (5) months succeeding the day on which the share was issued.

Section 4. After July 30, 1936, no person other than the Corporation itself shall be permitted to purchase, own, or hold more than five per cent (5%) in value of the shares of stock of the Corporation, outstanding at any one time. Any shares of stock held by any person in excess of five per cent (5%) shall be canceled by the Board unless those shares of stock in excess of five per cent (5%) shall be properly disposed of within ten (10) days after notice is given by the Board.

Section 5. No person shall be permitted to purchase, receive or hold a share of stock in the Corporation unless he has signed the Corporation's application for membership, agreeing to abide by the Charter and By-Laws of the Corporation, and agreeing to take service from the Corporation at premises owned or occupied by him.

Section 6. In order to receive service from the Corporation, it shall be necessary to purchase a share of stock of the Corporation. One share of stock must be purchased and held in connection with each separate or non-contiguous property for which service is taken, and for each different [fol. 2756] class of service desired. However, commercial and residential service may be secured upon one share of stock if the commercial activity is carried on in the residence of the owner.

Section 7. The shareholders of the Corporation shall be the members thereof, as that term is used and intended hereinafter.

## COMPLAINANTS' EXHIBIT No. 387

## Article III

## Rights and Obligations of Members

Section 1. Every member of the Corporation taking service therefrom shall have one vote at the general or special meetings of the members, but no person shall have more than one vote at such meetings regardless of the number of shares of stock owned by him.

Section 2. If it is called to the attention of the Corporation that there are defects in the wiring of the premises of an applicant for or user of power the Board may refuse to render service or discontinue the same until the owner of the premises presents a certificate of a reputable electrician to the effect that the wiring of his premises is safe and satisfactory. However, neither failure to inspect, nor the requirement or waiver of inspection by an independent electrician, shall subject the Corporation to liability to any member or other person for any damages or injuries sustained by reason of defects actually existing in the wiring of such premises.

Section 3. Before any member shall use power for any purposes other than those stated in his application for membership, or supply any other persons or premises with power, he shall first secure the approval of the Superintendent of the Corporation.

Section 4. If any member shall move his residence or place of business from one place to another within the service area of the Corporation, he shall be entitled to receive service at the new residence or place of business if (a) he notifies the Board of his change of location, and (b) the Board considers it feasible from the standpoint of the Corporation to serve the new location. The Board, however, may impose a reasonable connection charge.

Section 5. When any member shall move his residence or place of business from the territory served by the Corporation, the Corporation shall not be obligated to repurchase any share or shares of stock held by him, but the Board may repurchase such share or shares of stock if it considers such to be warranted by the financial condition of the Corporation. Such shares shall be considered Treasury shares

## COMPLAINANTS' EXHIBIT No. 387

and shall not be voted unless resold to a member. The Board may provide for the disposition of Treasury shares upon non-discriminatory terms.

Section 6. When any member shall dispose of any prem-[fol. 2758] ises within the service area of the Corporation for the service of which he has purchased and holds a share or shares of stock, or when any member of the Corporation for other reasons desires to sell or transfer his share or shares of stock to any other person owning or occupying real property within the service area of the Corporation, the owner of such share or shares may assign the same according to the following procedure:

(a) the assignor and assignee shall fill out the assignment blank which the Secretary shall make available, showing the location of the premises which have been served in connection with the share of stock, the character and approximate amount of service which has been taken, the location of the premises for which the assignee desires service, and the type of service and approximate amount thereof which is desired: (b) the assignor and assignee shall make satisfactory arrangements with the Board for the payment to the Corporation of any obligations of the assignor to the Corporation, and for the making of any repairs or replacements which are required on the meter boxes or other facilities owned by the Corporation and used in service to the premises in question; (c) the sum of fifty cents (50¢) shall be paid to the Treasurer of the Corporation to cover the expenses of each assignment; (d) the Board shall determine whether or not it is feasible for the Corporation to extend service to the proposed assignee. Upon the assignment of [fol. 2759] any share of stock the assignor shall endorse such certificate on the back of the same and the assignment shall be recorded by the Secretary on the books of the Corporation.

Section 7. When the payment for a share or shares of stock does not in the judgment of the Board constitute sufficient security for the payment of the bills of the holder thereof, the Board shall require such member to post a deposit with the Corporation in an amount sufficient to secure such payment.

## COMPLAINANTS' EXHIBIT No. 387

Section 8. Members of the Corporation shall without charge to the Corporation grant easements over rural land owned by them for the construction and maintenance of the transmission and distribution lines of the Corporation, and the Board may require any applicant for a share of stock in the Corporation to repay to the Corporation any sums previously secured from the Corporation for the granting of such easements.

Section 9. If any member shall neglect or refuse to discharge any obligation to the Corporation arising from the purchase of stock, electricity, equipment, accessories, or otherwise, or shall violate any other provision of the Charter, By-Laws, or Rules and Regulations of the Corporation, the Secretary shall send a written notice to his address as given on the books of the Corporation, demanding that such obligation be met or such violation be ceased or re-[fol. 2760] paired. If such demand is not complied with within ten (10) days after such notice is mailed, the Board shall have power to discontinue service to such member, disconnect his service extension from the lines of the Corporation, and/or expel him from membership and cancel any share or shares of stock held by him. In such event the Corporation shall retain any payments made by such member on his share or shares of stock as liquidated damages for the breach of his obligations to the Corporation.

Section 11. The Board shall have power to reinstate any member who has been expelled from the Corporation for non-payment of his obligations to the Corporation or violation of its Charter, By-laws, or Rules and Regulations, upon the payment of his obligations to the Corporation plus interest thereon at not to exceed six per cent (6%) per annum, or upon the cessation of his violations of such Charter, By-Laws or Rules and Regulations.

## Article IV

## Disposition of Revenues

Section 1. The purpose of the Corporation shall be to supply its members with electricity and incidental services and equipment at the lowest cost consistent with the sound management of the Corporation's business and without



## COMPLAINANTS' EXHIBIT No. 387

profit. No dividends shall be paid upon any share of stock [fol. 2761] in the Corporation, and no earnings of the Corporation shall be distributed to its members except upon dissolution of the Corporation.

Section 2. The gross receipts of the Corporation shall be devoted to the following purposes in the order named: (a) operating expenses and payment of interest and principal currently due upon obligations of the Corporation; (b) the setting up of such reserves for depreciation, new construction, and contingencies as may be reasonably prescribed by the Board; (c) the anticipation of the obligations of the Corporation not then due; (d) the reduction and elimination of surcharges and amortization fees; and (e) the reduction of rates.

## Article V

## Meetings of Members

Section 1. The annual meeting of the members of the Corporation shall be held on the first Tuesday in May of each year for the purpose of electing a Board of Directors and for general corporate action. Such meetings shall be held in the City of Dalton, in Whitfield County, Georgia, at such place as may be designated by the Board.

Section 2. Special meetings of the members may be called by the order of the President of the Corporation and shall be called whenever forty per cent (40%) of the directors so request in writing, but the business transacted at such special meeting shall be confined to the general objects set forth in the call.

Section 3. Notice of the time and place of each annual or special meeting of members (unless such notice shall be waived in writing) shall be mailed to each member at least three (3) days before the date set for such meeting, addressed to him at his place of residence or business as that appears on the books of the Corporation.

Section 4. At every meeting of the members each member present shall be entitled to only one vote, regardless of the number of shares of stock held. Delinquent and inactive members shall not be entitled to vote at any corporate

## COMPLAINANTS' EXHIBIT No. 387

meeting. Each member shall vote in person. Proxies will not be recognized. A duly authorized officer or any firm, corporation, partnership, association, municipal corporation, political body or subdivision may, upon satisfactory proof of his authority, vote the membership of such organization or subdivision.

Section 5. Five per cent (5%) of the members shall constitute a quorum for the transaction of business at membership meetings. If less than five per cent (5%) of the members are present at a meeting, it may be adjourned by those present to a future date, provided that notice of such adjournment be mailed by the Secretary to each member [fol. 2763] at least three (3) days before the date to which the meeting is adjourned, addressed to his place of business or residence as the same appears on the books of the Corporation.

## Article VI

## Board of Directors

Section 1. The general management of the affairs of the Corporation shall be vested in a Board of Directors (hereinafter called Board), each of whom must be a member of the Corporation, taking service therefrom.

Section 2. During the first year of the Corporation's existence the Board shall be composed of one director from each of the following counties of the State of Georgia: Catoosa, Dade, Walker, Chattooga, Gordon, Murray Whitfield and Floyd. Thereafter the Board shall be composed of one director from each county in which at least two hundred (200) members of the Corporation reside.

Section 3. The members of the Corporation shall elect the directors at the regular annual meeting of the members, beginning with the annual meeting held on the first Tuesday of May, 1937. The directors shall have terms of one year and shall hold office until their successors are elected. Voting shall be by secret ballot on forms furnished by the Secretary of the Corporation. In the event of a tie between any nominees, the Board of the preceding year shall cast the deciding vote.

## COMPLAINANTS' EXHIBIT No. 387

[fol. 2764] Section 4. Within seven (7) days after the annual meeting of the members of the Corporation, the new Board shall hold its annual meeting at the offices of the Corporation for the purpose of electing officers of the Corporation, adopting by-laws and transacting such other business as may be advisable.

Section 5. The Board shall hold regular meetings on the first Tuesday of each month.

Section 6. Special meetings of the Board may be called at the office of the Corporation or at a place designated by the Board or by the President and set forth in the notice of such meeting. Special meetings may be called at any time by the President of the Corporation, and shall be called whenever forty per cent (40%) of the directors file a written notice with the President, requesting such meeting.

Section 7. Written notice of the time, place, and general objects of any annual or special meeting of the Board shall be mailed to the address of each director at least twenty-four (24) hours before the time set for such meeting, but such notice for any particular meeting may be waived by the directors.

Section 8. Fifty per cent (50%) of the members of the Board shall constitute a quorum. Business shall be transacted at any meeting by a majority vote of those present.

Section 9. The Board shall have the general management [fol. 2765] and control of all the property, business, and affairs of the Corporation, including, but without limitation, the power to adopt, rescind, and amend by-laws; define and limit the powers and duties of all committees, officers, agents, and employees of the Corporation not otherwise provided for by these by-laws; employ and dismiss the officers and employees of the Corporation and fix their salaries and wages, and require such bonds as may be deemed proper. The Board shall fix the price at which electric power shall be sold to members of the Corporation, or may contract in the name and on behalf of the Corporation with respect to such rates. The Board shall fix the price at which any equipment or material offered for sale by the Corporation shall be sold.

## COMPLAINANTS' EXHIBIT No. 387

Section 10. The Board shall have power to sell or otherwise dispose of any of the property of the Corporation provided such property is, in the judgment of the Board, no longer necessary or needed in operating and maintaining the Corporation's system, and does not in any one year exceed ten per cent (10%) in value of all the property of the Corporation. The limitations, imposed by this Section shall not be construed to apply to the sale of merchandise or power.

In case the Corporation disposes of facilities which are necessary for the service of any of the members of the Corporation, such members shall be notified of such disposition [fol. 2766] two (2) months in advance thereof and shall be entitled to have their shares of stock repurchased by the Corporation at the price at which it was issued.

Section 11. The Board shall file a complete report with the members at the annual meeting of the members covering the business of the Corporation during their term of office, and including a list of the employees of the Corporation, their salaries and wages, and a statement of the financial condition of the Corporation.

Section-12. Any member of the Board may be removed therefrom by a majority of the members present at any special meeting of the members of the Corporation called for that purpose. Vacancies in the Board caused by resignation, removal, or otherwise shall be filled by the Board at its next meeting after such vacancy occurs. The new director shall be a resident of the county which the preceding director represented and shall be appointed for only the unexpired term of his predecessor.

Section 13. The Board shall keep a permanent record of its proceedings.

## Article VII

## Officers

Section 1. The officers of the Corporation shall be a [fol. 2767] president, a vice-president, a secretary and treasurer, or a secretary and a treasurer. The Board shall determine whether or not the offices of secretary and treas-

## COMPLAINANTS' EXHIBIT No. 387

urer shall be combined. The Board may create such other offices of the Corporation as it deems advisable and fix the qualifications thereof.

Section 2. The officers of the Corporation shall, in so far as practicable, be elected at the annual meeting of the Board.

Section 3. The President and the Vice-President of the Corporation must be members of the Corporation, taking service therefrom.

Section 4. The President shall sign all certificates of stock, countersign all checks, and sign or countersign all bonds, notes, or other evidences of indebtedness issued by the Corporation. He shall, on behalf of the Corporation, sign all contracts. However, the Board may authorize some other officer to sign evidences of indebtedness and contracts on behalf of the Corporation where the amount involved is Three Hundred Dollars (\$300.00) or less.

Section 5. In case of the absence or disability of the President, the Vice-President shall perform his duties. The Vice-President shall also perform such additional duties as may be prescribed by the Board.

Section 6. The Secretary shall be ex officio secretary [fol. 2768] of all members' meetings, meetings of the Board, and shall keep all records of the Corporation and be custodian of the same. He shall give all notices of meetings and perform such duties as may be assigned to him by the Board. In case of his absence or disability the Board may appoint a secretary pro tem to perform his duties. The Secretary shall have charge of the books of the Corporation and the corporate seal. He shall, in the course of the business of the Corporation, affix said seal to all books and certificates of stock issued; and when authorized by the Board, shall also affix said seal to contracts and other instruments. The Secretary shall also perform such other duties as are commonly exercised by secretaries of corporations.

Section 7. The Treasurer shall have the custody of all moneys belonging to the Corporation and shall keep the same deposited to the credit and in the name of the Corporation in such place or places as the Board may from time to time designate, and shall disburse the funds of the Cor-

## COMPLAINANTS' EXHIBIT No. 387

poration under the direction of the Board. He shall keep accurate books of account, showing all receipts and disbursements of the Corporation, which shall at all times be open to the inspection of the Board. He shall sign or countersign all checks, drafts, orders for money, notes, and other evidences of indebtedness of the Corporation. He shall, whenever called upon, render to the Board a report in [fol. 2769] writing of the financial condition of the Corporation and perform such other duties and have such other powers as from time to time may be prescribed by the Board.

Section 8. The Board shall appoint a superintendent to have general oversight, care, and management of the property and business of the Corporation. The superintendent shall have the power to employ and dismiss all his assistants and technical workers, subject always to the direction and approval of the Board. The Board shall require a written report from the superintendent to the members at each annual meeting, showing the general business condition of the Corporation. Such report shall first be submitted to the Board for its approval.

Section 9. All personnel selected by the Board shall be chosen on a merit basis and shall conform to such personnel standards as the Board may prescribe.

## Article VIII

## Accounts

The accounts of the Corporation shall be kept in such form as the Board may prescribe.

## Article IX

## Seal

[fol. 2770] The Corporate Seal of the Corporation shall, subject to alteration by the Board of Directors, consist of a flat-faced circular die with the words "Seal" together with the name of the Corporation thereon.

## Article X

## Amendment of By-laws

The By-Laws of the Corporation may be amended by a two-thirds (2/3) vote of the members of the Board of



## COMPLAINANTS' EXHIBIT No. 387

Directors present at a meeting and voting affirmatively thereon. Provided, however, that it shall be necessary that such proposed amendment be read at a regular or special meeting of the Board held at least three days (Sunday and holidays excluded) before the meeting at which the amendment is adopted.

JLF:WTM:ml.

[fol. 2771] COMPLAINANTS' EXHIBIT No. 388

Here are the Answers

1. What is the North Georgia Electric Membership Corporation? It is a corporation organized for the purpose of obtaining electric power from T. V. A. at wholesale and retailing it to stockholders without gain or profit.

2. Who furnishes the money to build the distribution system? The Rural Electrification Administration of Washington, D. C., furnishes the money at 3% interest over above one-fourth of a century and takes a mortgage on the lines to secure the loan.

3. What must a person do to get cheap electricity from the corporation? Buy one \$10 share of stock, which may be resold by the holder if he no longer desires power. The \$10. insures payment of the electric bill to the corporation the same as a "deposit".

4. Is there any contingent liability, assessment, or "catch" in it? Certainly not. All lawyers know that a stockholder in a corporation, other than a bank, can lose nothing more than the value of his stock.

5. Who will pay for that "Dead mule" that worries some people? The insurance company carrying liability insurance [fol. 2772] ance on the "N. G. E. M. C."

6. What are the rates to be charged by the N. G. E. M. C.? The rates are to be the standard T. V. A. rates which cannot be increased under the contract with T. V. A. They are:

3 cents	per kwh	for first	50 kwh.
2 "	"	"	next 150 "
1 cent	"	"	" 200 "
4 "	"	"	" 1000 "

**'COMPLAINANTS' EXHIBIT No. 388**

Minimum bill \$1 per month for which 25 kwh is given. There is an amortization charge of 1 cent per kwh for the first 100 kwh, but none above first 100 kwh. This charge cannot exceed \$1 and is to pay R. E. A. the money borrowed, and ends when the loan is repaid.

7. How do these rates compare with power company rates? As follows:

Monthly Kwh.	N.G.E.M.C. Cost	Rates Amor.Chg.	Net Bill	Power Co. Rates Net Bills	Saving
25	75	.25	1.00	1.63	38%
80	2.10	.80	2.90	3.98	27%
230	4.80	1.00	5.80	8.03	28%
480	6.83	1.00	7.82	11.78	31%
1,400	10.50	1.00	11.50	21.33	46%

(Over)

8. Can money be borrowed from Federal Housing Administration to finance wiring houses? Yes.

[fol. 2773] 9. May customers purchase electric appliances on installment plan and pay with light bill? Yes.

10. Will TVA furnish trained men and women for advice and demonstration work in your home? Yes. Gladly.

11. What will electricity cost the N.G.E.M.C.? From 4 mills per kwh. down to 2 mills per kwh., plus a "demand charge" that varies.

12. What becomes of the money earned above wholesale rates? It pays for overhead expenses, maintaining and servicing lines, collecting bills and other necessary expenses. Surplus may be applied to R. E. A. debt.

13. Who operates the corporation and utility? Officers and board of directors that you elect to serve without pay, and a general manager with expert technical knowledge on salary.

14. Is it necessary to have rich, high-salaried executives to operate utilities? No. The cities of Dalton, Cartersville, LaFayette and others have successfully bought wholesale and sold at retail at a profit for years, and ordinary citizens elect the officials.

## COMPLAINANTS' EXHIBIT No. 388

15. Do you have to "sign up for 20 years" in order to get service from the corporation? No. You do not have to sign up any length of time. You can reject service at any time without liability except for your unpaid bill.

[fol. 2774] 16. Do you have to maintain any part of the line? Certainly not.

17. After R. E. A. debt is paid, will rates be reduced? Yes, amortization charge will be discounted and rates reduced.

18. Where may one get reliable information about TVA power and North Georgia Electric Membership Corporation matters? From officers of the Company and from the Company at Dalton.

R. H. Bandy, Pres. N. G. E. M. C. J. C. Johnston,  
Sec.-Treas., N. G. E. M. C.

[fol. 2775] COMPLAINANTS' EXHIBIT No. 389

March 31, 1937.

Mr. T. R. Hunnicutt, Division Manager, TVA, Chattanooga, Tenn.

DEAR MR. HUNNICUTT:

The North Georgia Electric Membership Corporation has had many requests for information leading to negotiations for furnishing power to industrial customers throughout northwest Georgia. We do not have the facilities to serve all of the industrial customers who have indicated that they are now or will soon desire our service.

Some of the prospective customers have based their approach thus far upon a desire to get comparative cost estimates between our facilities and the facilities now serving them. Due to our organization being new and still in its formative stage we are not in position to discuss with clarity some of the problems that some of the prospective customers present. For that reason we desire that you contact them at our request and discuss with them the possibility of service through the North Georgia Electric Membership Corporation to the particular industries.

## COMPLAINANTS' EXHIBIT No. 389

We have had an inquiry from the Jewel textile interest of Chickamauga who, we are informed, are about to take [fol. 2776] over the old consolidated textile properties in LaFayette. If they do take over the LaFayette properties they will at that point be a new and unserved customer.

We would also like for you to contact the following prospective customers for the purposes above stated:

(1) The Water, Light & Sinking Fund Commission of the City of Dalton for power to operate the city's pumping station.

(2) The Real Silk Hosiery Mills of Indianapolis, Ind., who are operating a large hosiery mill in the City of Dalton.

(3) The American Thread Mill with a plant in Dalton.

(4) The Echota Mills owned by northern capital but under the supervision and management of Mr. H. F. Jones of Calhoun.

(5) The Yates Bleachery at Flintstone, Georgia. (The Flintstone mill is an isolated plant now manufacturing its own energy.)

(6) The Trion Cotton Mills, Trion, Georgia.

Some representative of the North Georgia Electric Membership Corporation will be glad to accompany any of your representatives to any discussions with these various prospective customers.

Yours very truly, R. Carter Pittman, Attorney for  
North Georgia Electric Membership Corporation.

RCP:H.

Copies to: Mr. H. W. Derry TVA, Chattanooga, Tenn.;  
North Georgia Elec. Membership Corp., Dalton, Georgia.

[fol. 2777] COMPLAINANTS' EXHIBIT No. 390 (Excluded)

Cullman County Cooperative Association and Tennessee Valley Authority Meeting, Held in Cullman, County Seat of Cullman County, Alabama, Wednesday Night, May 6, 1936

This was a meeting of the recently organized Cullman County Cooperative Association, which has for its purpose the rural electrification of Cullman County. The meeting was presided over by Mr. Clement and was held in the Court House and was attended by approximately 350 people. Mr. Clement's opening address contained the following remarks:

Mr. Clement: This is a rural electrification company. We want it understood from the outset that we are not antagonistic towards any interest whatever. We ask that all of our friends that wish come in with us—we will be glad to have you—we do not want to antagonize any interest, anybody at all. We hope to work in unity throughout the whole county. At this time, we are going to present Mr. Beauchamp, an engineer from Wilson Dam. He is a home man. He will be with us. He can tell you the intricate parts—he will bring a message we can all get.

Mr. Beauchamp: Ladies and gentlemen, it is with great regret that Mr. Lilienthal could not be here this evening. Mr. Lilienthal had accepted the invitation but at the last minute he was called to Washington by our President for a conference. He is there now, but before leaving, he expressed regret he could not be with you this evening.

This is the second time I have addressed the majority of [fol. 2778] you folks. About the middle of last December, I addressed a meeting in this room of the Farm Bureau organization. TVA in carrying out its rural electrification program has been constantly impeded and restricted by court orders and injunctions brought about by its enemies, but that has now all been settled and we can go ahead. It is only in the last few weeks that we have eliminated these legal obstructions and we can now go ahead with our rural electrification program—a program that will help the farmers of Alabama and the Tennessee Valley. Within the last few days, the contract has been made with Alabama Power Company for certain transmission lines. This contract has been negotiated over two years and has just been consum-



## COMPLAINANTS' EXHIBIT No. 390 (Excluded)

mated in the last few days. We now own transmission lines in Cullman County. The nearest line at this time is at Fairview, about eight miles northeast of Cullman, so we are really making progress now after long delay. Those who follow me will explain in detail some of the plan and some of the further details of the electrification program. I hope it will be my privilege to carry my plans through to completion and be present from time to time to assist you in working out the various details and problems that may arise, and I hope to be present when power is made available to farmers all over Cullman County. It will require an immense amount of work on our part and your part too. The proposition I refer to advances our program one step nearer to our plan to electrify farms in this area. The TVA program is one of cooperation—we do not seek to impose it on anybody unless they want it. It is your plan—the TVA [fol. 2779] is a part of the U. S. Government. Its aim is to be helpful. That is our only purpose. The Cullman County project, if it is carried out, will involve several hundred miles of rural lines. I hope that it will be possible to build those lines, for we want to extend lines any place in the county where it will be economically feasible. Those that follow me will elaborate on the details of the plan.

Mr. Clement: As Mr. Beauchamp says, he is a home man, and his purpose is to work with us. We will now hear from Mr. Nichol from the Electrical Department at Chattanooga. He will discuss other features in connection with what Mr. Beauchamp has told you.

Mr. Nichol: I know that it is a disappointment to you not to hear Mr. Lilienthal and I can tell you for him that is a disappointment to him not to be here. You can console yourselves with this—when he found that he had to go to Washington—he wasn't planning on just coming here to make a speech—he said to me: "I want you to go down to Cullman, find out what they want and find out what they want us to do to help them." I'm glad he said that for that is the way I feel too. Rural electrification has been talked about but nothing has been done about it. In North Alabama people have that feeling more than anyone else, but the lines aren't there. I think the most helpful thing I can tell you is what has been going on elsewhere where those restrictions do not prevail. While perhaps it is un-



COMPLAINANTS' EXHIBIT No. 390 (Excluded)

fortunate that you have had this long delay, perhaps you can profit by the experience of those in Georgia, Tennessee, [fol. 2780] and Mississippi. We can begin to catch up a little bit now that we have the benefit of the experience in other places. There is a very real relationship between the town and country. It is not an easy problem—if it had been, it would have been solved long ago. There is an answer. Perhaps the best way would be to tell you about some of the places where current has been brought out to the farmers. Start first with Dayton, Tennessee, where they had the famous monkey trial. We are bringing electricity to every farmer in that section. The town owned its own municipal plant. It wasn't very long before other people came in and said we want some of that power too. The town knew that its merchants would profit, that their plants would handle products of the farmers, so they worked up a project serving 250 customers at the outset. They submitted their program and obtained funds from the R.E.A. Now move over into Middle Tennessee—to the City of Pulaski. They also have municipal power. Again, the farmers came in, so they turned to TVA, and the TVA constructed lines for the city. In West Tennessee, the town of Somerville with a municipal plant signed up for TVA power. In Mississippi, we were able to work out an agreement with the private power company for serving farmers and city. The TVA constructed additional lines. Electric Cooperative Associations were formed and additional funds borrowed for the extension of rural lines. There is still another way—in areas where it is still possible to work out rural distribution systems operated independently of the municipality. They are doing this in Lincoln County, Tennessee. [fol. 2781] Lines are now under construction in Bedford, Tennessee. Since the power company was either unable or unwilling to serve rural area and since a number of the farmers were in real need of power, we were able to work out projects there. Funds can be obtained from the TVA or the Rural Electrification Authority. I submit that your County and your Cooperative should consider local circumstances and decide which pattern best fits this area. The next step is to find out how many lines you are justified in building. This is a very real and important part of it. As you know, TVA was set up by Congress to help liquidate

## COMPLAINANTS' EXHIBIT No. 390 (Excluded)

the cost of dams on a business basis. It means two things—that many rural projects must be self-supporting and self-liquidating. It will pay operating expense but must pay off its debt. Before we ask for rural lines for Cullman County, or anywhere else, we must be able to say that so many people in Cullman on so many miles of line want electric power and that revenue from these people will amount to such and such. It must be enough to pay salaries and interest on the debt. It is pretty hard to know where to begin. We know from previous experience that one of the chief hindrances has been knowledge as to how to proceed. We have a very simple plan—it indicates where to begin—it is called the Neighborhood Plan, whereby country people by themselves and for themselves can survey their own requirements at a minimum amount of time and expense—they can find out just what their requirements are. With those facts before us [fol. 2782] we can put them altogether and see what we can do. This plan is summarized in the yellow sheets given you. I understand that your committee is ready to act now. I believe the stage is set—we can begin to go places. You have your Cooperative—it has a charter—your officers have been elected. The second step is the source of supply. We have completed the transaction whereby TVA has lines leading right to the border of your county. Third, what you need is money. Mr. L. A. Sears will explain to you more about this phase. The yellow sheet tells in general what the plan is. You have an Association. Through the Association it will be possible to appoint a Canvassing Committee. That committee can be as large or as small as you think best. We think it should be large, particularly at this time of the year, so you can break it down into small groups and not make it a burden on any one group. I understand your Association is making plans to select such a committee. Mr. Beauchamp is planning to meet with that committee and stay with that committee until the survey is completed. This committee should be ready in about a week—probably next Thursday or Friday. You can be thinking and talking about this amongst yourselves so you can answer their questions easily. What they want to know is in general how much electricity you intend to use, and we feel that is the proper way to put it. We feel that it is not worth all the time and money to get electricity on the farm unless the

## COMPLAINANTS' EXHIBIT No. 390 (Excluded)

people are going to use it. Electricity doesn't begin to become a profitable investment on the farm until you put it to [fol. 2783] work. In this county, I understand there are many interested in the poultry business. Electricity can make this business more profitable. So rather than talk of electricity in terms of dollars, we talk of it in kilowatt hours. We are not asking you to guarantee a certain amount of money every month, ~~but~~ we want to ask you to give a gentleman's agreement that you on your part will install enough equipment—and we do not insist that you use it—we have enough confidence to know that you will use it. We simply want to be able to assure our board and REA that farmers of Cullman County want electricity enough to use it. To determine this, no one should put down more that you can afford to use. Your committee then brings this information back and turns it over to our checkers. We get all the information about what you will use and divide this by the number of miles covered. The general guide we follow is 662 kwh. per mile of line. This is based on previous experience, for we feel that if farmers will use that much it will justify our constructing the line. There will be a lot of questions. The best thing for you is to look through this yellow folder which covers most of these points you will probably ask. I see no reason why Cullman county should not lead Alabama in this Rural Electrification movement. All of us will be very much disappointed if out of this meeting and the meeting next week we can't work out something. I hope that the next time I come back it will be for a celebration. Six months ago there were twenty counties re-[fol. 2784] ceiving power. Right now, upon completion of programs, thirty-two counties will have power. Thank you very much.

Mr. Clement: We will now hear from Mr. Sears, representing the Rural Electrification Authority. He will bring us the plan by which this project may be financed.

Mr. Sears: You all have heard a great deal of TVA and in this area I know you are well acquainted with it. I doubt if you are as well acquainted with REA so I will give you a brief resume of it. It has been just nearly a year ago—May 11th—when this particular branch was organized for the purpose of bringing electric service to unserved rural areas all over the country. This was done because less

## COMPLAINANTS' EXHIBIT No. 390 (Excluded)

than 10% of the farms were receiving electric service. Recognizing again that the rural areas are the fundamental backbone of the national wealth and resources, it was felt that this was not a representative service. On May 11th last year, our organization, known as REA, was established. We were established for the purpose of making loans to cooperatives, not to individuals, for the purpose of building generating, distribution and transmission systems to bring electric energy into unserved rural areas. We were given a good sized allocation of funds. We are a temporary organization at the moment, although there has been a bill passed through Congress which will give us a ten-year organization at least. We have been rather slow in getting started, due primarily to the fact that as a lending agency there are many matters of policy which have to be settled. We have definitely determined that our whole policy is from the standpoint of the consumer. We are empowered to make loans to five different types of corporate [fol. 2785] rate entities: cooperatives, municipalities, private utilities, public utilities, and state authorities. Of those five, the majority of loans have gone to cooperatives such as you have organized here in Cullman County. To those we have loaned several million dollars, and incidentally, we have no fear of any delinquency of any one of those loans. Second, we are interested primarily in rural electrification not merely from the standpoint of service—that is not what the term means—if rural electrification is going to mean anything, it must mean that they must have service at a reasonable cost and that is the fundamental basis of our organization. Towards that end, we are empowered to make loans to the full amount of the construction cost, such funds being at 3% interest and on a twenty-year repayment plan. We again require that those loans be made to corporate entities—we make no loans to individuals—there is no individual liability. In the construction of these lines, there are various types of securities. The Security which we are accepting in practically 100% of the cases are first mortgages on lines we finance. We have the utmost confidence in these lines. The second thing, we are not here to make any sales. As a matter of fact, we look on the whole matter of electrification in the sense that you are here to sell us. We are acting as the banker



## COMPLAINANTS' EXHIBIT No. 390 (Excluded)

from whom you are requesting a loan. The only thing we ask is that we have reasonable assurance that the use to which you are going to put this money and this electric service will liquidate that loan. We have attempted to [fol. 2786] make our methods as simple and direct as possible. In the first instance, after you have formed an organization, most of our dealings will be directly with your Board as a corporate entity according to your State laws. There is a certain amount of field work which Mr. Nichol has covered. After that has been prepared, it will be analyzed. We have established an office in this territory in order that we may work more directly with you. We will make that examination in this area and forward that information to Washington. In Washington, it is scanned by our legal staff and engineering department and approved for allocation of funds. Then the contract is entered into—it is a simple document—nothing complicated about it at all. At the same time, the security for the lines that are to be constructed will be arranged. We are ready then to get plans for construction. What we are attempting to do is to cut off as many days as possible from now on. You are particularly fortunate here in that one of your major difficulties is already established; that is, in the getting of electric service to your home there are two things involved—first, the source of supply, and second, distribution facilities to bring it to you. We are going on the theory that we would rather, if possible, take advantage of existing generating facilities. Your wholesale situation is established. You have wholesale energy available at a reasonable figure. We are in a position and anxious to be of service in furnishing funds for you to construct and put in [fol. 2787] service this distribution facility so that you may bring it to your door and have the use of it. TVA and REA are forming a liaison in order that we may both be of all possible assistance to you—in your organization and the preparation of the documents you may require and anything at all we may be of service to you. It is up to you people to come to us for service—we are not trying to serve you.

Mr. Clement: Introduced Dr. Edward Falk, Rate Engineer at Chattanooga.

## COMPLAINANTS' EXHIBIT No. 390 (Excluded)

Dr. Falk: I have been wondering tonight what you think of TVA—what it is—what is the RVA idea, and I wonder sometimes myself. TVA is not something people are paid to work for. TVA employees aren't so smart and brilliant, but they are doing one thing that is of mutual good—they have been working across the table with you people here. We have the Mayor of Athens with us tonight. I worked at Wilson Dam in 1933, and Mr. Richardson kept coming over and wanting TVA power. We did not have a contract, but we sat down and worked one out. It wasn't very long until we worked this contract out and we both signed it and TVA power was in Athens in 1934. This was due equally to the spirit of the people in Athens and to the hard work of city officials and city leaders there. The same thing is happening all over the countryside. You can call TVA something that extends throughout all these states and is part of all these people. This meeting is gratifying. These people are in a sense part of the TVA—they are making TVA a better kind of proposition. I hope that goes [fol. 2788] on. I know you want to know something about rates—these are given on the yellow sheet you have:

3 cents for the first 50 kwh.

2 cents for the next 150 kwh.

1 cent for the next 200 kwh. used by a customer during the month.

On top of that there would be added 1¢ per kwh. for the first kwh. a month, this charge to be not less than 25¢ nor more than \$1.00 a month. Suppose you are building a system for \$100,000—the Association will owe \$100,000. That does not mean that members of the Association will have any liability—it means that the Association will go ahead and collect 1¢ per kwh. until the REA is paid out. After that, the 1¢ comes off and you own the property. The members of the Association will own the property—there will not be any more interest or principal to pay on it. While they are paying such debt, they will get electricity for maybe \$1.00 to \$5.00 per month cheaper than almost anywhere else in the United States—that is a wonderful scheme and people are eating it up. TVA is not the only one that is doing the same thing—other utilities are doing the same thing. The consumption in Alabama is leading



## COMPLAINANTS' EXHIBIT No. 390 (Excluded)

the nation. Why is that? Because we have sat down with people and made these rates and it became clear that the only way people would completely electrify was when it would become cheap. It is not a money losing proposition—it is a money making proposition. When you say extend lines down the highway—some folks say that it is making [fol. 2789] electricity available, except for one thing, and that is the rate. It does some good to put lines down the highway but before the people can really use it in the house, the rate has to be right. TVA is a business-like proposition and in that sense right. We all hope that rate and that plan of service will be made available here for locally operated and locally owned County Power Association. Everything I say about TVA is all to the good. I want you to hear what Mr. Richardson will tell you about power service in Athens.

Mayor Richardson: Mr. Falk has taken a little undue advantage of me. I did not expect to be on the program. I am vitally interested in what you men are interested in. We in Limestone County are interested in rural electrification—we are not only interested—we are working to electrify Limestone County. We expect to handle this through the City. I know one of the perplexing questions you have here is financing. That is one of the most perplexing problems I had. It has gone far beyond our expectations. On the first of June, we will have operated on TVA power two years. Furthermore, I would like to say that the people have enjoyed this power. Last year, 1935, averaged about \$55,000 worth of electrical appliances sold in that town. The people are enjoying cheap electricity—just what you people in Cullman County are going to do. I feel that you out in the country are entitled to these benefits just as we are in town, and we are going to have them up our way. The operation from the financial side of it has gone far beyond our expectation. I do not feel that this cooperative [fol. 2790] association should have any fear whatever to go into the financing of this rural line. I have no fear for Limestone County. We have taken in more money today from our electric light system than we did from our water and electric systems combined two years ago. We expect to go into this and hope to have it before the summer is

## COMPLAINANTS' EXHIBIT No. 390 (Excluded)

over. You had better hurry or we are going to beat you—we are going to light it up.

Mr. Clement: The meeting will not be turned over to the audience. Are there any questions?

Question. How many more users of electricity in Athens since you took on TVA power?

Mr. Richardson: 275. Practically every home in Athens has electricity. That number, 275, would apply to new users.

Question. What is the difference in receipts?

Mr. Richardson: Our receipts are more.

Question. What is the difference in ordinary bill of the home in Athens now and before you got TVA power?

Mr. Richardson: 45% lower.

Question. Are the electrical appliances sold at cost?

Mr. Nichol: The prices which are given in the yellow sheet are regular retail prices. The Associations usually work through electrical dealers. In some places, the cooperatives have joined together and got appliances at cost. They are normally sold at retail through established dealers. This is up to the Association to handle as they want to. The sale of appliances is handled independently of TVA. We [fol. 2791] do not sell appliances—these are to be handled by dealers or the association.

Mr. Clement: We want to discuss proceedings of the organization. These committees—the men who are to be selected to make these surveys—will be ready to go to work possibly next week.

Question. Take Table B on this yellow sheet—about how much does one have to have installed to use that?

Answer. Minimum bill is normally 30 kwh. This is enough to operate lights, radio, fan, flat iron, few more very small appliances. 30 kwh. would cost \$1.20.

Question. Does the wiring and appliances have to be bought before construction is begun?

Answer. We want your agreement to do it—we appreciate that it is sometimes impossible to make all the investment at once. Therefore, in making this survey, and this is something the forms do provide for purposely, put down what you agree to take. Naturally, your house would have to be wired before you can take service. Then over and above that, indicate those you are prepared to buy now—the additional appliances you can put them down with the

## COMPLAINANTS' EXHIBIT No. 390 (Excluded)

statement that they will be bought within the next year. Then we can say, well, it will be so much, but we have definite assurance that by the end of twelve months it will be so much more.

Question. That is purely a gentlemen's agreement?

Answer. The agreement says that you will execute a valid contract. We will build the line if the survey warrants it. The REA has agreed to finance if you execute a contract for [fol. 2792] the equipment you have agreed to buy. If the agreements are fulfilled, the lines are constructed. At no point are you bound and at no point are we bound—you can retract or we can retract. You start and we start. The EFHA helps you buy appliances. The payment on appliances will be rendered on your bills. You may be able to get a cooperative payment plan. In other states the credit association plan has worked very nicely.

Question. Will you explain the number of subscribers per mile that is required for service?

Answer. The average is four per mile, but it does not have to be that. It may be more or less, but as a general rule, I would say four per mile. That is the beauty of the 662 business, for even if there are just two on a mile of line, they will put the line there if these two use enough power to justify it. As a general rule, to justify the association, you ought to have the minimum number of customers—say 400 or 500 customers on 100 miles of line. You should not be discouraged, for there are a lot of combinations. A line may go through a swamp where there are no customers, but at the end of that line there are four or five customers. Then again, frequently going down the road, the road will have lots of turns and take in a lot of mileage, but the line does not have to follow the road—our engineers can cut across country with a smaller amount of mileage. Mr. Beauchamp's men are going to help you out on this.

Question. You have refrigeration listed at 50 kwh. Speaking from experience, last month my consumption for every- [fol. 2793] thing was 54 kwh. Maybe mine was low.

Answer. We purposely set thers- figures high. We have not gotten into the summer season yet. Then we had rather set the consumption high and have you come under that than to set it too low and have you come back at us. I want to advertise one thing that will go a long way. A small

**COMPLAINANTS' EXHIBIT No. 390 (Excluded)**

refrigerator isn't big enough for all uses, and a big refrigerator will cost \$250.00. If you want to spend \$250.00, in the laboratory at the University of Tennessee they have designed a box that will hold six hogs and is large enough for any use, so I say if you want to spend \$250.00 for a box, I would have one of those made to order.

Question. How expensive is the operation of a 15 h. p. motor on a grist mill or saw mill?

Answer. It will cost approximately 3¢ per h. p. hour operated at full capacity.

At this point, a discussion arose, when a customer, who said his bill last month, based on a consumption of 54 kwh., and including a water bill of \$1.57, was \$6.44, leaving \$4.87 for the electric bill. He was told that a bill for 54 kwh. on the TVA rates would be \$1.58, plus 5¢ surcharge. The customer was then told by Mr. Kramer, City Clerk of Cullman, that a bill for 54 kwh. should be \$3.28. There was some discussion between the customer and Mr. Kramer about this.

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**[fol. 2794] COMPLAINANTS' EXHIBIT No. 391 (Excluded)**

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 392 (Excluded)**

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 393 (Excluded)**

(Omitted)

[fol. 2795] COMPLAINTANTS' EXHIBIT No. 394

TVA 211 DE.

Serial No. —

Tennessee Valley Authority, Chattanooga, Tennessee.

GENTLEMEN:

I wish to take advantage of the new cooperative house wiring plan offered by the Tennessee Valley Authority. Under this plan the Tennessee Valley Authority will pay \$15.00 towards the cost of house wiring for each electric range installed or electric hot water heater installed, or \$30.00 in case two of these appliances are installed.

I wish to advise that I have purchased and will install — with the understanding that the TVA will pay \$— to the wiring contractor which I have selected, after installment of equipment is made and thoroughly checked by representatives of the TVA to verify the installation and valid purchase of same, this sum of \$— to be credited to my total bill for house wiring by the contractor, who is —, (Name)

\_\_\_\_\_  
(Address)

(Signed) — —.

\_\_\_\_\_  
(Community)\_\_\_\_\_  
(County)\_\_\_\_\_  
(State)

Accepted by Tennessee Valley Authority:

\_\_\_\_\_, TVA Authorized Agent.

\_\_\_\_\_,  
(Date)

[fol. 2796] Information to Be Filled Out by TVA

Date: — —, —.

1. Inside wiring installed and approved — —, —.

2. Wiring contractor: — —, —  
(Name) (Address)

3. Equipment installed — —, —.

4. Purchased from — —, —  
(Name) (Address)5. How purchased: Contract —. Cash —.  
(Signed) — —.

(To be filled out in quadruplicate—one copy retained by customer and three copies by TVA.)

(Here follows one photolithograph, side folio 2797)



TENNESSEE VALLEY  
AUTHORITY

Compts No 32-a - Bonnier  
to accident  
KNOXVILLE, TENN.

JUL 21 1937

861,381



6 Treasurer of the United States

No.

15-51

38-4453 PAY \$15 DOLLARS AND .00 CENTS \$15.00

TO THE  
ORDER OF

TERRELL L. BONNER  
FAYETTEVILLE, TENN.

OBJECT FOR WHICH DRAWN:

TENNESSEE VALLEY AUTHORITY

BY *[Signature]*  
TREASURER 95-211

FORM APPROVED BY  
COMPTROLLER OF THE TREASURY  
JANUARY 27, 1913.

This check must be indorsed in ink or indelible pencil on the line below by the person in whose favor it is drawn, and the name must be spelled exactly the same as it is on the face of the check.

If indorsement is made by mark (X) it must be witnessed, by two persons who can write, giving their place of residence in full.

*Terrell L. Bonner*  
Sign on this line.

[fol. 2798] COMPLAINANTS' EXHIBIT No. 396

TVA 1034 C.

(7-1-37)

D. O. Vou. 38 4453.

No. 3471

Jul. 19, '37.

## Remittance Advice

Voucher prepared Knoxville, Tenn., 7-16-37.

U. S. Tennessee Valley Authority.

Appropriation: 680110 Tennessee Valley Authority  
Fund 1938.

The United States, Dr., To Terrell L. Bonner.

Address: Fayetteville, Tenn.

Terms—net %

Check Is Enclosed Herewith in Settlement of the Following Items as Covered by the Order or Contract as Indicated.

TVA Order No.	Date of Delivery of Service	Description & your Invoice Date	
1-37-11251	6-5-37	Supplies as per invoice ED-7-386 Vendor's 6-5-37	\$15.00
Total .....			\$15.00
Differences .....			—
Amount of check herewith .....			\$15.00

(Here follows one photolithograph, side folio 2799)

COMPLAINANTS' EXHIBIT NO. 397

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$500TENNESSEE VALLEY AUTHORITY  
KNOXVILLE, TENNESSEE

OFFICIAL BUSINESS

(Postmarked) Knoxville, Tenn  
July 21 6 PM 1937IF NOT DELIVERED IN 7 DAYS RETURN TO TREASURER  
TENNESSEE VALLEY AUTHORITY

## [fol. 2800] COMPLAINANTS' EXHIBIT No. 398

Minutes of the Middle Tennessee Electric Membership Corporation, June 24, 1936, at 8 O'Clock P. M. at the James K. Polk Hotel

At a specially called meeting all members of the Board of Directors and incorporators were present, with one exception. Mr. C. F. Holt being unable to attend on account of illness sent in his resignation as secretary of the corporation and as a member of the Board of Directors. Motion was made by Mr. J. C. Couch and seconded by Dr. S. B. Smith to accept Mr. Holt's resignation. The motion was carried.

Mrs. Frank Travis was duly elected temporary secretary of the meeting.

Mr. Ramsey Snell was duly elected a member of the Board of Directors to replace Mr. Holt.

Motion was made by Mr. Couch and seconded by Dr. Smith that seven Wilson County men be accepted as members of the Board of Directors of the Middle Tennessee Electric Membership Corporation. The motion was carried, and,

Homer Hancock, Lebanon, Tennessee,  
Noel B. Nokes, Mt. Juliet, Tennessee,  
J. C. Bradshaw, R. #1, Lebanon, Tennessee,  
J. J. McFarland, R. #4, Lebanon, Tennessee,  
J. G. Harris, R. #2, Lebanon, Tennessee,  
E. W. Weatherly, Norene, Tennessee,  
Lon P. MacFarland, Lebanon, Tennessee,

[fol. 2801] were welcomed into the organization, by the President, as members of the Board of Directors.

Election of officers followed in which the following officers were duly elected:

Mr. K. T. Hutchinson, President,  
Mr. Homer Hancock, Vice President,  
Mr. E. W. Carmack, temporary secretary.

It was the decision of the Board of Directors to elect a temporary secretary because at a later date they expected to elect a person who could devote their entire time to the position of Secretary-Treasurer.

A draft of by-laws was presented to the meeting by Mr. K. Wilde Blackburn of REA. After full consideration the

## COMPLAINANTS' EXHIBIT No. 398

following resolutions were unanimously adopted, having first been regularly moved and seconded.

Resolved, that the proposed by-laws of the Corporation as presented to this meeting be and the same hereby are approved and adopted as the permanent by-laws of the Corporation, and be it further

Resolved, that the Secretary of this meeting be directed to affix the by-laws as adopted at this meeting to the minutes of the meeting and to identify said by-laws as by-laws presented and approved at this meeting.

Mr. Lon P. MacFarland made motion that the Corporation present the names of two banks in Lebanon and two banks in Murfreesboro to REA for approval to deposit funds for use during the construction work in the counties. The [fol. 2802] Lebanon Bank & Trust Company and the Commerce Union Bank of Murfreesboro and the Murfreesboro Bank and Trust Company are the banks to be submitted.

Mr. Blackburn suggested that the corporation retain counsel, and upon motion duly made and seconded Mr. Lon P. MacFarland was elected general counsel for the Corporation. In a general discussion Mr. MacFarland stated that it would be satisfactory with him for his fee as counsel to be presented and passed on by the Board.

It was moved and seconded that a letter be sent Mr. Holt thanking him for his spendid corporation and expressing the regret of the Corporation in his resignation.

There being no further business, upon motion duly made and seconded, the meeting adjourned.

Mrs. Frank Travis, Acting Secretary of the Middle Tennessee Electric Membership Corporation.

#### Waiver of Notice

The undersigned, being all of the Incorporators and members of the Board of Directors of the Middle Tennessee Electric Membership Corporation, hereby assent and agree that a special meeting of the Board of Directors of said Corporation shall be held on June 24, 1936, at 8 o'clock P. M., at the James K. Polk Hotel, Murfreesboro, Tennessee, for the purpose of transacting any and all business which may be brought before said meeting and any and all adjourn-[fol. 2803] ments thereof, including, but without limiting the generality of the foregoing, the following purposes:



## COMPLAINANTS' EXHIBIT No. 398

1. To consider and approve, adopt, ratify, and confirm the minutes of the meeting of incorporators and members of the Board of Directors of the Middle Tennessee Electric Membership Corporation held May 11, 1936, including each and every step taken and act performed at said meeting.

2. To adopt permanent by-laws for the Corporation.

3. To elect officers for the Corporation.

By signing this Waiver of Notice, we and each of us do hereby expressly waive the giving to us and to each of us notice of this meeting, and we do agree that all business transacted at the said meeting shall be as valid and effective as though said meeting had been held upon notice duly given.

J. C. Couch. S. B. Smith. S. E. McElroy. K. T. Hutchinson. E. W. Carmack. M. H. Jones. C. F. Holt.

Lascassas, Tennessee, June 24, 1936.

The Board of Directors of The Middle Tennessee Electric Membership Corporation, Murfreesboro, Tennessee.

[fol. 2804] Attention Dr. K. T. Hutchinson, President

GENTLEMEN:

I, C. F. Holt, hereby tender my resignation as a member of the Board of Directors in the Middle Tennessee Electric Membership Corporation, and also as a member of said Corporation.

I request that this tender of resignation be accepted for the reason that I am unable to serve in the said capacity.

Yours truly, C. F. Holt, Secretary.

Witness to Signature, Mrs. Frank Travis.

CFH:MET.

By-Laws of Middle Tennessee Electric Membership Corporation

### Article I

#### Certificate of Incorporation

The name, duration, location of principal office and purpose of the Corporation shall be as set forth in the Certificate of Incorporation as from time to time amended.

## COMPLAINANTS' EXHIBIT No. 398

## Article II

## Membership

[fol. 2805] Section 1. The members of this Corporation shall be the incorporators thereof and all persons subsequently admitted to membership therein. "Person" as used in these By-laws shall mean and include natural persons, firms, associations, corporations, business trusts, partnerships, and bodies politic.

Section 2. Each member shall pay a membership fee of Ten Dollars (\$10).

Section 3. A membership certificate shall be issued to each member of the Corporation for each membership held by him. One (1) membership must be held in connection with each separate or non-contiguous property for which service is taken and for each different class of service desired. Commercial and residential service may, however, be secured upon one (1) membership if the commercial activity is carried on in the residence property of the owner.

Section 4. Service to any member may, in the discretion of the Board of directors, be conditioned upon such members furnishing to the Corporation a certificate of a reputable electrician stating that the wiring on the premises served or to be served complies with all local regulations and is in accordance with the latest rules and regulations of the National Board of Fire Underwriters, for the installing of electric wiring, apparatus and appliances. The requirement or waiver of such certificate, or the supplying of service on the bases thereof, shall not subject the Corporation to liability to any member or other person, or any damages or injuries sustained by reason of defects existing in the wiring of such premises.

[fol. 2806] Section 5. No member shall use energy supplied by the Corporation except for the purposes stated in his application for membership, nor shall he supply any other premises or families without first obtaining a permit from the Board of Directors or from an officer designated by the Board of Directors.

Section 6. A Membership in the Corporation may be transferred by any member to any successor in occupancy

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or ownership of premises occupied or owned by him and served by the Corporation, but no transfer shall be effective until the transferee shall have complied with all the conditions in respect to membership contained in the Certificate of Incorporation and these by-laws and shall have assumed the payment of all debts owed to the Corporation by the transferee in connection with such premises.

Section 7. If any member shall neglect or refuse to pay any bill or debt owed by him to the Corporation, the Secretary shall mail a written demand therefor to him at his address as shown on the books of the Corporation, and if the entire amount due and payable to the Corporation by such member is not paid in ten (10) days, the Board of Directors may declare all his rights and privileges to be forfeited and expel him from the Corporation, or it may discontinue service to him. The Board of Directors may expel any member for failure to comply with the Certificate of Incorporation or the By-laws. If a member is expelled, all sums previously paid by him to the Corporation shall be considered to be liquidated damages to cover the expense of making electric service available to him up to that time and such sums may be retained by the Corporation.

[fol. 2807] Section 8. The Board of Directors may reinstate expelled members upon payment in full of all amounts due to the Corporation and, if the Board of Directors shall so determine, of interest at not to exceed six per centum (6%) per annum, or if arrangements satisfactory to it are made for the payment thereof.

Section 9. Any person who ceases to be a member because of failure to use energy supplied by the Corporation shall, if he is subsequently readmitted to membership, and if he has not transferred his membership, be obligated to pay only that portion, if any, of his membership fee which was unpaid at the time he ceased to be a member.

Section 10. Members shall, without charge to the Corporation, grant easements over land owned by them for the transmission and distribution lines of the Corporation, and the Board of Directors may require from applicants for membership the repayment of sums previously paid to them for such easements.

## COMPLAINANTS' EXHIBIT No. 398

Section 11. If any member shall move his residence or place of business from one place to another within the service area of the Corporation, he shall be entitled to receive service at the new residence or place of business if (a) he notifies the Board of Directors of his change of location, and (b) the Board of Directors considers it feasible from the standpoint of the Corporation to serve the new location. The Board of Directors however, may impose a reasonable connection charge.

Section 12. When any member shall cease to take service by reason of removal from the premises served by the Corporation, [fol. 2808] the Corporation shall not be obligated to repurchase any membership held by him but the Board of Directors may repurchase such membership or memberships, if it considers such repurchase to be warranted by the financial condition of the Corporation.

Section 13. When any member shall dispose of any premises within the service area of the Corporation for the service of which he has purchased and holds a membership, or when any member of the Corporation for other reasons desire to sell or transfer his membership to any other person owning or occupying real property within the service area of the Corporation, the owner of such membership may assign the same according to the following procedure; (a) the assignor and assignee shall fill out an assignment blank, which the Secretary shall make available, showing the location of the premises which have been served in connection with the membership, the character and approximate amount of service which has been taken, the location of the premises for which the assignee desires service and the type of and approximate amount thereof which is desired; (b) The assignor and assignee shall make satisfactory arrangements with the Board of Directors for the payment to the Corporation of any obligations of the assignor to the Corporation and for the making of any repairs or replacements which are required on the meter boxes or other facilities owned by the Corporation and used in service to the premises in question; (c) the sum of Fifty Cents (50¢) shall be paid to the Treasurer of the Corporation to cover the expenses of each assignment; and (d) the Board of Directors shall determine whether or not it is feasible for the Corpo-

## COMPLAINANTS' EXHIBIT No. 398

[fol. 2809] ration to extend service to the proposed assignee. Upon the assignment of any membership the assignor shall endorse such certificate on the back of the same and the assignment shall be recorded by the Secretary in the records of the Corporation.

Section 14. When the payment for a membership or memberships does not in the judgment of the Board of Directors constitute sufficient security for the payment of the bills of the holder thereof, the Board of Directors shall require such member to post a deposit with the Corporation in an amount sufficient to secure such payment.

## Article III

## Meetings

Section 1. The annual meeting of the members shall be held at the principal office of the Corporation at Murfreesboro, Tennessee, on the second Thursday of August, beginning with the second Thursday of August, 1937, purposes for which an annual meeting is to be held in addition to those prescribed by law, by the Certificate of Incorporation and by these by-laws may be specified by the Board of Directors, or by a writing signed by the President, or by a majority of the Directors, or by ten per centum (10%) or more of the members. If such annual meeting is omitted on the date herein provided therefor, a special meeting may be held in place thereof, and any business transacted or elections held at such meeting shall have the same effect as if transacted or held at the annual meeting.

Section 2. Special meetings of the members may be called by the President or by a majority of the Directors, and shall be called by the Secretary, or, in case of the death, ab-[fol. 2810] sence, incapacity or refusal of the Secretary, by any other officer, upon written application of ten per centum (10%) or more of the members. Such call shall state the time, place and purpose of the meeting.

Section 3. A written notice of each meeting of the members stating the place, day and hour thereof and the purpose for which the meeting is called, shall be given by the Secretary at least seven (7) days before the meeting to each mem-



## COMPLAINANTS' EXHIBIT No. 398

ber, by leaving such notice with him or at his residence or usual place of business or by mailing it, postage prepaid and addressed to such member at his address as it appears upon the books of the Corporation. In case of the death, absence, incapacity or refusal of the Secretary, such notice may be given by any other officer or by a person designated either by the Secretary or by the Board of Directors. Any member may waive notice of any meeting. The attendance of a member at any meeting shall constitute a waiver of notice of such meeting, unless he shall attend such meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been properly called or convened.

Section 4. At any meeting, twenty per centum (20%) of the members shall constitute a quorum for the transaction of business, but a less number may adjourn any meeting from time to time, and the meeting may be held as adjourned without further notice. When a quorum is present at any meeting a majority of the members present thereat and entitled to vote shall, except where a larger vote is required by law, by the Certificate of Incorporation or by these By-[fol. 2811] laws decide any question brought before such meeting.

Section 5. Each member shall be entitled to one (1) vote regardless of the number of memberships held by him. A duly authorized officer of any firm, association, corporation, business trust, partnership or body politic may, upon satisfactory approval of his authority, vote the membership of such firm, association, corporation, business trust, partnership or body politic.

## Article IV

## Board of Directors

Section 1. Until the next annual meeting of the members of the Corporation to be held on the second Thursday in August, 1937, and until new directors are elected and qualified, the Board of Directors of the Corporation shall consist of fourteen (14) directors, seven (7) of whom shall be the present seven (7) directors of the Corporation, and the remaining seven (7) who shall be residents of Wilson County,



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elected by the present Board of Directors at the same meeting at which these by-laws are adopted, or at any subsequent meeting, from among persons agreeing to use electric energy to be supplied by the Corporation.

Section 2. At the expiration of the terms of the directors elected for the first year, the Board of Directors shall be composed of a number of persons from each of the counties in the service area of the Corporation allocated to the various counties on the basis of one (1) director for each 100 members (as distinguished from memberships) or fraction of such 100 members served by the Corporation in said county on the day before the date of such election. Said [fol. 2812] Directors shall be chosen by ballot at the annual meeting of the members or at the special meeting held in place thereof by such members as have the right to vote. Each Director must be a member of the Corporation. Subject to law, the Certificate of Incorporation and to the other provisions of these by-laws, each Director shall hold office until the next annual meeting and until his successor is chosen and qualified.

Section 3. Regular meetings of the Board of Directors may be held without call or formal notice at such places and at such times as the Board of Directors may by vote from time to time determine. A regular meeting of the Board of Directors may be held without call or formal notice immediately after and at the same place as the annual meeting of the members, or the special meeting of the members held in place of such annual meeting.

Section 4. Special meetings of the Board of Directors may be held at any time and at any place when called by the President or two or more Directors, notice thereof being given to each Director by the Secretary, as hereinafter provided, or, in case of the death, absence, incapacity or refusal of the Secretary, by the officer or Directors calling the meeting. In any case it shall be deemed sufficient notice to a Director to send notice by mail at least forty-eight (48) hours, or by telegram at least twenty-four (24) hours, before the meeting, addressed to him at his address as it appears on the books of the Corporation. Any Director may waive notice of any meeting. The attendance of a Director

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at any meeting shall constitute a waiver of notice of such [fol. 2813] meeting, unless he shall attend such meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been properly called or convened.

Section 5. A majority of the Board of Directors shall constitute a quorum for the transaction of business, but a less number may adjourn any meeting from time to time and the meeting may be held as adjourned without further notice. When a quorum is present at any meeting a majority of the directors in attendance thereat shall, except where a larger vote is required by law, by the Certificate of Incorporation or by these By-laws, decide any question brought before such meeting.

Section 6. The Board of Directors shall have the general management and control of all the property, business, and affairs of the Corporation, including, but without limitation, the power to adopt, rescind, and amend by-laws; define and limit the powers and duties of all committees, officers, agents, and employees of the Corporation not otherwise provided for by these By-laws; employ and dismiss the officers and employees of the Corporation and fix their salaries and wages, and require such bonds as may be deemed proper. The Board of Directors shall fix the price at which electric power shall be sold to members of the Corporation, or may contract in the name and on behalf of the Corporation with respect to such rates. The Board of Directors shall fix the price at which any equipment or material offered for sale by the Corporation shall be sold.

## Article V

## Officers

[fol. 2814] Section 1. The officers shall be a President, a Vice-President, a Secretary, a Treasurer, and such other officers as the Board of Directors may in their discretion appoint. The President, Vice-President, Secretary and Treasurer shall be elected annually by the Board of Directors. The President, and Vice-President must be Directors. So far as is permitted by law, any two or more offices may be filled by the same person. Subject to law, to the Certificate of Incorporation and to the other provisions of these By-

## COMPLAINANTS' EXHIBIT No. 398

laws, each officer shall hold office for one (1) year and until his successor is chosen and qualified. Each officer shall, subject to these By-laws and in addition to the duties and powers herein set forth, perform such duties and powers as are commonly incident to his office, and such duties and powers as the Board of Directors shall from time to time designate.

Section 2. The President shall be the chief executive officer of the Corporation. Except as otherwise voted by the Board of Directors, he shall preside at all meetings of the members and of the Board of Directors. The President shall have custody of the Treasurer's bond.

Section 3. The Secretary shall keep a true record of all meetings of members and the Board of Directors. In the absence of the Secretary at any meeting, a temporary Secretary shall be chosen who shall record the proceedings of such meeting. The Secretary shall also keep or cause to be kept a membership book containing a complete list of all members and their addresses.

Section 4. The Treasurer shall, subject to the direction [fol. 2815] and under the supervision of the Board of Directors, have general charge of the financial concerns of the Corporation, except his own bond, and he shall have power to endorse for deposit or collection all notes, checks, drafts and other obligations for the payment of money, payable to the Corporation or its order, and to accept drafts on behalf of the Corporation. He shall keep or cause to be kept accurate books of accounts which shall be the property of the Corporation. If required by the Board of Directors, he shall, give bond for the faithful performance of his duties in such form, in such sum, and with such sureties as the Board of Directors shall require.

Section 5. The Board of Directors shall appoint a superintendent to have general oversight, care, and management of the property and business of the Corporation. The superintendent shall have the power to employ and dismiss all his assistants and technical workers, subject always to the direction and approval of the Board of Directors. The Board of Directors shall require a written report from the superintendent to the members at each annual meeting, showing the general business condition of the Corporation.

**COMPLAINANTS' EXHIBIT No. 398**

Such report shall first be submitted to the Board of Directors for its approval.

Section 6. All personnel selected by the Board of Directors or by the Superintendent shall be chosen on a merit basis and shall conform to such personnel standards as the Board of Directors may prescribe.

**Article VI****Accounts**

[fol. 2816] The accounts of the Corporation shall be kept in such form as the Board of Directors may prescribe.

**Article VII****Removals**

A majority of the members present at any meeting called for the purpose may remove from office the President, the Vice-President, the Treasurer, Secretary or any Director. The Board of Directors may likewise, by vote of a majority of their entire number, remove from office any officer or agent of the Corporation.

**Article VIII****Vacancies**

If the office of any director or of any officer or agent, becomes vacant by reason of death, resignation, removal, disqualification or otherwise, a majority of the remaining directors, though less than a quorum, may unless such vacancy, if in the office of director, shall have been filled by the members, choose by a majority vote of their entire number a successor or successors who shall hold office for the unexpired term, subject to the provisions of Article VII.

**Article IX****Seal**

The seal of the Corporation shall, subject to alteration by the Board of Directors, consist of a flat faced circular die with the words "CORPORATE SEAL", together with the name of the Corporation, out or engraved thereon.

## COMPLAINANTS' EXHIBIT No. 398

## Article X

## Execution of Papers

Except as the Board of Directors may generally or in particular cases authorize the execution thereof in some [fol. 2817] other manner, all deeds, leases, transfers, contracts, bonds, notes, checks, drafts, and other instruments made, accepted or endorsed by the Corporation shall be signed by the President.

## Article XI

## Fiscal Year

Except as from time to time otherwise provided by the Board of Directors, the fiscal year of the Corporation shall end June thirtieth.

## Article XII

## Amendments

These By-laws may be altered, amended or repealed at any regular meeting of the Board of Directors, or at any special meeting called for the purpose. Before any amendment may be declared adopted, it must receive a two-thirds vote of all the Directors present at the meeting.

KWB:MC.

Identified as the form of proposed permanent by-laws submitted to and offered by the meeting of incorporators and Board of Directors of the Middle Tennessee Electric Membership Corporation held at the James K. Polk Hotel, Murfreesboro, Tennessee, June 24, 1936.

Mrs. Frank Travis, Acting Secretary of the Middle Tennessee Electric Membership Corporation.

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[fol. 2818] COMPLAINANTS' EXHIBIT No. 399

Minutes of a Special Meeting of the Board of Directors of the Middle Tennessee Electric Membership Corporation of Wednesday, November 4th, 1936, at 6:30 P. M.

The meeting was held pursuant to a call by the President and waiver of notice signed by all members of the Board of

## COMPLAINANTS' EXHIBIT No. 399

Directors, and pursuant to the certificate of incorporation, and the by-laws of the corporation, and pursuant to the laws of the State of Tennessee.

The meeting was called to order by the President, K. T. Hutchinson, who presided, and E. W. Carmack, Secretary of the Corporation acting as secretary of the meeting. The secretary thereupon called the roll and reported the following present in person:

Lon P. MacFarland,	J. C. Couch,
R. E. Snell,	E. W. Carmack,
S. B. Smith,	S. E. McElroy,
J. C. Bradshaw,	Homer Hancock,
K. T. Hutchinson,	

being a quorum.

The secretary then presented to the meeting the call and waiver of notice to which the meeting was called.

Then the President called on Mr. J. M. Peavey for recommendations in regard to a superintendent and assistant superintendent to be named by the corporation. Mr. Peavey stated that TVA personnel division had made a thorough investigation into the qualifications of a number of applicants [fol. 2819] for the positions and that he was prepared to recommend to the Board Mr. T. E. Steele, of Griffin, Georgia, as superintendent and Mr. M. C. Morgan, of Chattanooga, as assistant superintendent and maintenance linesman. Mr. Peavey discussed the qualifications of each of the above men. The members of the Board asked questions in regard to their qualifications.

Whereupon, upon motion duly made and seconded, and unanimously adopted by the affirmative vote of all of the members present it was resolved,

That Mr. T. E. Steele be selected as superintendent at a salary of between \$1620 and \$1800 per year, and that Mr. M. C. Morgan be selected as assistant superintendent and maintenance linesman at a salary of between \$1260 and \$1620, and it was further

Resolved that the President and Secretary of the Corporation be authorized to negotiate and enter into a contract with Mr. T. E. Steele and Mr. Morgan for their employment for the above positions.



## COMPLAINANTS' EXHIBIT No. 399

The President then called for a discussion in regard to requirements necessary of members before the corporation connected and gave service to them, and in regard to the installation of appliances signed for before the corporation gave service to the members.

Whereupon, upon motion duly made and seconded it was Resolved that the superintendent be directed to connect members only when the members have purchased the equipment signed for on the customer list, or equipment the estimated consumption of which is equal to the amount of [fol. 2820] equipment signed for and have the same on the premises ready for installation, or have a valid contract for the purchase of said equipment, or that part thereof not already purchased. This contract with an authorized dealer to be for the purchase of said equipment within 90 days from the date of connection. Provided that in any case where the member has purchased, or has valid contract for the purchase, of equipment within 90 days, the estimated consumption of which is 480 kilowatt hours per month; That the superintendent be authorized to and instructed to connect such members, but provided that said members are not to be relieved from the installation of equipment signed for the consumption of which is above this amount of 480 kilowatt hours per month, but will be required to install said equipment later or have other members install additional equipment to compensate for the equipment which the member failed to install.

Thereupon, upon motion duly made and seconded, the President was called upon to appoint a committee of three to investigate and report to the Board of Directors on the requirements to be made and the time in which members would be required to install equipment for which they had signed. The President thereupon appointed J. C. Couch and R. E. Snell to assist him in this.

There being no further business, on motion duly made and seconded by all of the directors present the meeting was adjourned.

E. W. Carmack, Secretary.

Approved: K. T. Hutchinson, President.

## [fol. 2821] COMPLAINANTS' EXHIBIT No. 400

Minutes of Special Meeting of the Board of Directors of the Middle Tennessee Electric Membership Corporation of Friday November 13, 1936

A special meeting of the Board of Directors of the Middle Tennessee Electric Membership Corporation was held in the Chamber of Commerce Building in Lebanon, Tennessee, Friday November 13th, 1936, at 7 o'clock P. M. pursuant to a call by the president and a notice sent to all of the members of the Board of Directors as required by the by-laws.

The meeting was held pursuant to the certificate of incorporation and the by-laws of the corporation and of the laws of the State of Tennessee.

The meeting was called to order by K. T. Hutchinson, President of the corporation, who presided, and the secretary being absent on motion duly made and seconded, which motion was unanimously carried, Mrs. Margarette Travis was elected temporary secretary for this meeting, and authorized to report the minutes. The secretary thereupon called the roll and reported the following directors were present in person:

J. G. Harris,  
Noel B. Nokes,  
J. J. McFarland,  
Homer Hancock,  
S. B. Smith,  
R. E. Snell,

E. W. Weatherly,  
M. H. Jones,  
K. T. Hutchinson,  
J. C. Bradshaw,  
S. E. McElroy,  
J. C. Couch,

Lon P. MacFarland

[fol. 2822] Said members being a quorum of the Board of Directors.

The President then introduced to the Board of Directors Mr. T. E. Steele and Mr. M. C. Morgan, superintendent and assistant superintendent.

The President thereupon called on Mr. MacFarland, counsel for the corporation to present and discuss the rental contract for the rental of an office building in Murfreesboro. Mr. MacFarland presented the contract as drawn with Mr. A. B. Smith as lessor and with Beesleys of Murfreesboro, owners of the building and discussed the same. Thereupon, upon motion duly made and seconded and unanimously adopted by all of the members present it was

## COMPLAINANTS' EXHIBIT No. 400

Resolved that the president and secretary be authorized to enter into and execute contract as prepared by counsel for the rental of the building for a period of two years and three months.

The President then called upon Mr. MacFarland for a discussion in regard to insurance to meet the requirement of the Construction Loan Contract with REA. Mr. MacFarland stated that application for the necessary insurance had been made to cover public liability in the amount of \$25,000 for injury to one person and a maximum of \$50,000 to more than one person. For property damage in the amount of \$10,000, and also to cover the truck to be purchased by the corporation in the amount of \$10,000; public liability for the injury to one person and in the maximum amount of \$20,000, and property damage in the amount of \$5,000. The President then called for a discussion in regard to the insurance. Workman's compensation insurance [fol. 2823] to cover employees of the corporation was also discussed and it was stated that the necessary insurance would cost approximately \$450 per year. A discussion was had and thereupon, upon motion duly made and seconded, which motion was unanimously adopted by the affirmative vote of all of the members present, it was

Resolved, That the President and counsel for the corporation be authorized to purchase the necessary insurance for the corporation and to have it become effective as soon as possible.

The President then called for a discussion in regard to the salary of the superintendent. Mr. Steel stated that the salary of \$1620 was agreeable to him and requested that a contract be drawn for a six month period. Thereupon, upon motion duly made and seconded and unanimously adopted by the affirmative vote of all the members present it was

Resolved, That the President and Secretary be authorized to execute the contract with Mr. T. E. Steele for his employment as superintendent at the rate of \$1620 a year. And that the counsel for the corporation is hereby instructed to prepare the necessary contract for the execution by the President and Secretary on behalf of the corporation and Mr. Steele.

## COMPLAINANTS' EXHIBIT No. 400

The President then called for discussion on the salary and contract for Mr. M. C. Morgan as assistant superintendent and linesman. Mr. Morgan stated that he would accept employment for this position at a salary of \$1260. The counsel was then instructed by the President to prepare the necessary contract. Thereupon, upon motion duly made [fol. 2824] and seconded and adopted by the affirmative vote of all of the members present it was

Resolved, That the President and Secretary be authorized and directed to enter into a contract for the employment of Mr. M. C. Morgan as assistant superintendent and linesman at a salary at the rate of \$1260 per year. This contract to be for a six month period and to be as prepared by counsel,

The President then called for discussion in regard to the salary of Mrs. Travis, on motion duly made and seconded and adopted by the affirmative vote of all members present, the President was authorized to appoint a committee to make recommendation to the next meeting of the Board of Directors in regard to the salary and contract with Mrs. Travis as stenographer and cashier. The President then appointed Mr. Homer Hancock, Mr. S. E. McElroy, and Mr. J. C. Couch, and requested that they go into this and report to the next meeting.

Mr. MacFarland, counsel for the corporation, then suggested that Judge W. R. Chambers of Lebanon be named associate counsel for the corporation to do some work and associate him as counsel in preparing an opinion on the validity of the organization of the corporation as requested by REA Loan Contract. Thereupon, upon motion duly made and seconded and unanimously adopted by all the members present it was

Resolved, That Judge W. R. Chambers of Lebanon be named associate counsel for the corporation, and that his name be submitted by the general counsel to the REA.

The President then stated that it was necessary to have [fol. 2825] a service truck for the superintendent and assistant superintendent and called for discussion in regard to a suitable truck. It was decided that a one-half ton truck was suitable. Thereupon, upon motion duly made and seconded by the affirmative vote of all members present it was

## COMPLAINANTS' EXHIBIT No. 400

resolved that the president be authorized to appoint a committee, and that this committee be empowered to purchase a one-half ton truck suitable for the needs of the corporation at the lowest figure obtainable and that this committee be directed to purchase the truck on a suitable long term payment plan. The President then directed Mr. Steele, the superintendent, to go with this committee, and named himself, Mr. R. E. Snell and Mr. M. H. Jones as a committee. The committee was then directed to purchase the truck as soon as possible.

The President then called upon Mr. J. M. Peavey to discuss the operating problems of the association. Mr. Peavey discussed various problems and suggested that an executive or advisory committee be named in both Wilson and Rutherford Counties to meet with the superintendent and assistant superintendent at regular intervals to advise with them. Thereupon, upon motion duly made and seconded, which motion was unanimously adopted by all of the members present it was

Resolved, That the President be authorized to name these committees in each county.

The President then named Mr. MacFarland, Mr. J. G. Harris and Mr. Homer Hancock for Wilson County and Mr. S. R. McElroy, Mr. J. C. Couch to work with the President in Rutherford County.

A discussion was then had in regard to the authority and responsibility of the superintendent. It was decided the [fol. 2826] superintendent would be directly responsible to the Board of Directors and all employees would in turn be responsible and under the direction of the superintendent.

A discussion was then had in regard to mail and correspondence of the corporation. Upon motion duly made and seconded, which motion was unanimously adopted by the affirmative vote of all members present it was

Resolved, That all correspondence in regard to the operation of the property of the corporation go out by and over the signature of Mr. T. E. Steele, and that three copies be made of all correspondence; one copy to be sent to Mr. J. M. Peavey, at Shelbyville; and one copy be sent to Mr. T. R. Hunnicutt, TVA, Chattanooga, and one copy be retained for the files of the corporation.

## COMPLAINANTS' EXHIBIT No. 400

On motion duly made and seconded and unanimously adopted by the affirmative vote of all members present it was

Resolved, That the superintendent be authorized and directed to have membership certificates, as drawn and approved by the counsel, printed in an amount of 2000 at the earliest possible date.

A discussion was then had in regard to the collection of membership fees. Upon motion duly made and seconded and unanimously adopted by all of the members present it was

Resolved, That the membership fees be collected only at the office of the corporation and not in the field, except in cases of extreme emergencies. And that Mrs. Margarette Travis be elected temporary cashier and Treasurer with authority to collect membership fees.

[fol. 2827] The president then appointed a committee composed of Lon P. MacFarland, E. W. Weatherly and J. G. Harris to have proper bond made for Mrs. Travis.

On motion duly made Mr. Hancock recommended that Mrs. Prentice Majors, of Wilson County be included and connected at the time that the line is energized in her neighborhood, as she had granted easement of a considerable length of line, had signed for considerable equipment and had been inadvertently left off of the customers list. This motion was duly seconded and unanimously adopted and the superintendent was ordered to connect Mrs. Majors.

A discussion was had on the collection of membership fees and an office for Wilson County. The President appointed Mr. MacFarland and Mr. Hancock as a committee to investigate and report at the next meeting of the Board of Directors.

There being no other or further business, upon motion duly made and seconded the meeting was adjourned.

Margarette Travis, Temporary Secretary.

Approved: K. T. Hutchinson, President.



## [fol. 2828] COMPLAINANTS' EXHIBIT No. 401

## Minutes of Special Meeting of the Board of Directors of the Middle Tennessee Electric Membership Corporation

A special meeting of the Board of Directors of the Middle Tennessee Electric Membership Corporation was held in the Chamber of Commerce Building in Lebanon, Tennessee, Thursday, March 4th, 1937, at 7 P. M., pursuant to a call by the President, and pursuant to notice to all of the members and pursuant to the certificate of incorporation and the by-laws of the corporation, and pursuant to the laws of Tennessee.

The meeting was called to order by the President, K. T. Hutchinson, who presided. In the absence of the Secretary Mr. H. C. Morgan was elected acting secretary of the meeting. The roll was called by the acting secretary, who reported the following directors present:

K. T. Hutchinson,	Homer Hancock,
J. C. Couch,	R. E. Snell,
J. C. Bradshaw,	J. G. Harris,
M. H. Jones,	Lon P. MacFarland,
S. E. McElroy,	S. B. Smith,
E. W. Weatherly.	

Said members being a quorum of the Board.

On motion, the reading of the minutes of the last meeting was waived. Mr. Ira Vance requested the Board of Directors to exempt him from installing a refrigerator, which he had signed up for on his farm, stating that at the time [fol. 2829] he had planned to live on his farm, but at the present time could not move there. Upon motion it was decided that the matter be referred to Mr. Steele, and that he act on it in the near future.

The President then called upon Mr. Steele, the superintendent, for his regular monthly report. Mr. Steele reported as follows:

"Since the advisory committee has explained that they were very much in favor of the rules and regulations drawn up by Mr. Hunnicutt, I have tried to follow out the outline of these in making a summary of the different points for discussion.

The cash on hand at present is \$1,510.96.

Total number of memberships, 407.

## COMPLAINANTS' EXHIBIT No. 401

Number of meter orders 349.

Amount of monthly bills we owe this month is \$488.92.

Bills due from residential consumers, \$445.93.

Bills due from commercial consumers, \$72.14.

Amount of current bills, \$518.07.

Number of customers billed this month, 268.

Number of minimum bills, 60.

Number of part month bills, 32.

We, Mr. Morgan and I, meet once monthly with the men from Lincoln and Bedford Counties to discuss safety methods in handling hot wires and operation of system in case of outage. If our system goes off, we will have to operate different switches on our system and after each operation, it will be necessary to call in to report the switch open so that a test may be put on the section of line between the [fol. 2830] switch and substation.

To facilitate calling and save time, I have made arrangements whereby I can use the Bell System with a test set. I can buy a used test set for \$20.00. The cost of a new one being \$34.

I'm working on a list of tools and equipment to be used on our work. I'm cutting this list to as low a figure as to think it would be wise to advocate. At the next executive committee meeting, I shall hope to be able to quote the exact figures.

Routes 6 and 6A were energized on 2-20-27. This line is on the Halls Hill Pike and leads in to and to the right of Poterfield.

On 3-2-37, we energized Route 7. This leads from Poterfield to the Wilson County line, north of Milton.

The construction department is operating 3 air compressors and in about 2 weeks, Routes 10, 10A and 14 will be ready to energize. Holes are dug on 19. Poles are set on Route 18. These lines will be practically finished in 3 weeks. At the last of next week the construction department hope to begin on Routes 12 and 13. The work will be carried on very rapidly because all the forces will be focused on these 2 routes."

Mr. Steel then presented the monthly bills recommended for payment as follows:

## COMPLAINANTS' EXHIBIT No. 401

R. T. Groom, Agt.	\$100.00
Ed Smith and E. C. Todd	13.50
Lon P. MacFarland	3.00
Southern Bell Tel. & Tel. Co.	11.80
Annie B. Williams, Register	3.00
[fol. 2831] Bell Bros. Co.	32.16
Southern Bell Tel. & Tel.	2.90
General Electric Supply Co.	2.67
Chas. L. Briley	1.95
Beauvais Carbon Co.	3.00
A. B. Smith	45.00
Tennessee Elec. Power Co.	1.00
McCord & Harris	3.60
Mullins-Osborn Co.	8.75
Spence-Smotherman Sign Service	4.00
Paul Harris	13.00
Firestone Service Stores	39.74
Murfreesboro Water Department	1.15
Tennessee Valley Authority	173.27

Upon motion duly made and seconded it was resolved that the Board of Directors authorize the payment of the bills as presented.

It was duly moved and seconded and passed that the purchase of the test set for \$20.00 be included in the payment of the monthly bills.

Upon motion duly made and seconded it was resolved that the Board of Directors recommend the cutting off of the following sections of lines: on Route 24 from P. A. Taylor and Westward; on Route 14 from Tuckers Cross Roads to Less McDonalds; on Route 15 from Commerce to Simpson. Upon motion duly made and seconded it was resolved that future action in cutting off sections of line be referred to the executive committee and said executive committee be authorized to act on same.

Mr. Steele suggested that the Board act on Mr. Hunnicutt [fol. 2832] cuts recommendation of rules and recommendations. This was discussed but it was decided that since all members of the Board of Directors had not received a copy of these that this be delayed until the next meeting of the Board. Mr. Steele was instructed to send a copy of these recommendations of Mr. Hunnicutt to each member.

## COMPLAINANTS' EXHIBIT No. 401

Mr. Couch invited the entire Board to be guests at dinner in Murfreesboro at the next board meeting, in April.

A discussion of the Treasurer's bond was had. Upon motion duly made and seconded it was resolved that the treasurer's bond be fixed at \$10,000.00. It was further resolved that all checks on the construction loan fund be signed by the Treasurer and countersigned by the Secretary and Vice-President.

Upon motion duly made and seconded it was resolved that the Board of Directors affirm the action of the special committee appointed to set the salary of Mrs. Margafette Travis, cashier. It was further resolved that the President be authorized to pay to Mrs. Travis a salary of \$75.00 per month, beginning January 1, 1937.

Upon motion duly made and seconded the meeting was adjourned.

H. C. Morgan, Acting Secretary. E. W. Carmack, Secretary.

Attest: K. T. Hutchinson, President.

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[fol. 2833] COMPLAINANTS' EXHIBIT No. 402

March 18, 1937.

DEAR SIR:

You are hereby notified that a special meeting of the Board of Directors of The Middle Tennessee Electric Membership Corporation has been called by the President and will be held at the office of the Corporation, at 125 N. Church Street, at 7:00 P. M., on the 19th day of March, 1937.

The purpose of this meeting is (1) to discuss and authorize the building and determining where, 15 miles of lines shall be built.

This 15 miles of the original mil-age that was cut off and is to be applied on some other extension already submitted.

(2) To discuss and act upon any other general business that may properly come before the Board of Directors.

E. W. Carmack, Secretary.

## COMPLAINANTS' EXHIBIT No. 402

To E. W. Carmack, Secretary of the Middle Tennessee Electric Membership Corporation:

In accordance with the authority vested in me by the By-laws of this corporation, I hereby call a special meeting of the Board of Directors, to be held in the office of the Corporation at 7:00 o'clock P. M., on the 19th day of March, 1937, for the purpose of acting upon and authorizing the building of 15 miles of line and where it shall be [fol. 2834] built, and

For the transaction of any other business in general that may properly come before the Board of Directors, and you are hereby instructed to send out notices of said meeting.

Witness my hand, this the 17th day of March, 1937.

K. T. Hutchinson, President.

Minutes of Special Meeting of the Middle Tennessee Electric Membership Corporation of March 19th, 1937

A special meeting of the Board of Directors of The Middle Tennessee Electric Membership Corporation was held in the office of the Corporation in Murfreesboro, Tennessee, Friday, March 19th, 1937, at 7 P. M., pursuant to a call by the President and pursuant to notice to all of the members, and pursuant to the certificate of incorporation and the by-laws of the corporation, *and pursuant to the certificate of incorporation and the by-laws of the corporation*, and pursuant to the laws of Tennessee.

The meeting was called to order by the President, K. T. Hutchinson, who presided. In the absence of the Secretary Mrs. Margarette Travis was elected acting secretary of the meeting. Upon the roll call by the acting secretary the following were reported present:

[fol. 2835]

J. C. Couch,  
J. C. Bradshaw,  
M. H. Jones,  
Homer Hancock,

K. T. Hutchinson,  
J. J. McFarland,  
Lon P. MacFarland,  
E. W. Weatherly,

S. B. Smith,

All of which members constitute a quorum of the Board of Directors.

## COMPLAINANTS' EXHIBIT No. 402

Upon motion duly made and seconded, and discussions were had on same, the reading of the minutes of the last meeting was waived.

Mr. J. M. Peavey was present and the president called upon him for a discussion and recommendations of 15 miles of lines to be build by the corporation, taking the place of other lines cut off of the original project, which was not considered feasible.

Mr. Peavey urged the corporation to take the advise of TVA in building their lines and from now on, never to build a line with less than a three to one ratio. Ratio was then discussed and Mr. Peavey then suggested a minimum of \$16.00 per mile revenue before the building of lines. It was his suggestion, also, to concentrate on line load rather than building new extensions. He added, however, if any were as good as six to one to pass it.

Mr. MacFarland made motion that all extensions with a ratio over six to one be approved for immediate construction. Mr. Couch moved that the entire 13.01 miles be approved. After general discussions Mr. MacFarland amended his motion as follows:

[fol. 2836] Resolved that immediate construction of R# ME5-1, .26; 1A-1, .7; Me 1D-1, 1 mile; ME10B-1, 2.5; Me14-1, 2; ME 21A-1, .35; R #21-1, 5 miles; Me 23-1, 3 miles, a total of 13.01, be approved, and in addition thereto I move you that if there are other projects to take up the balance of two miles that this mileage be included to make up the 15 miles.

Mr. E. W. Weatherly further moved the approval of construction of any additional project up to eight miles if the ratio figured as much as six. The motions were seconded by Mr. Hancock and were carried by a una-ymous vote.

Mr. J. J. McFarland brought before the board the cases of Mr. Moore, and, Mr. Thompson, who wanted to change their appliances or be turned on without them, because of the fact that they did not actually sign for them. Because of the discrepancy motion was made by Mr. Couch to let the gentlemen have service. After discussion it was decided it might not be well understood by other members and they would let the cases float under the direction and discretion of Mr. Steele. Mr. Couch's motion was then amended to



## COMPLAINANTS' EXHIBIT No. 402

instruct Mr. Steele to tie them on at a reasonable time, and to float them a reasonable time, but with the assurance that he not lose them as customers. The motion was duly seconded and unanimously carried.

Upon motion being duly made and carried the meeting was adjourned.

Mrs. Frank Travis, Acting Secretary. E. W. Carmack, Secretary.

Attest: K. T. Hutchinson, President.

## [fol. 2837] COMPLAINANTS' EXHIBIT No. 403

To E. W. Carmack, Secretary of the Middle Tennessee Electric Membership Corporation:

In accordance with the authority vested in me by the By-laws of this corporation, I hereby call a special meeting of the Board of Directors, to be held in the office of the Corporation at 7:00 o'clock P. M., on the 2nd day of April, 1937, for the purpose of approving the payment of monthly bills, and to transact other routine business, and,

To consider and act on any other matters that may be properly brought before the Board.

Witness my hand, this the 1st day of April, 1937.

K. T. Hutchinson, President.

April 2, 1937.

DEAR SIR:

You are hereby notified that a meeting of the Board of Directors of The Middle Tennessee Electric Membership Corporation has been called by the President and will be held at the office of the Corporation, at 125 N. Church Street, at 7 o'clock P. M., on the 6th day of April, 1937.

The purpose of this meeting is (1) to approve the payment of monthly bills, and to transact other routine business.

(2) To consider and act on any other matters that may be properly brought before the board.

[fol. 2838] E. W. Carmack, Secretary.

P. S.—The Board members will go directly from the office to the City Cafe for dinner. After that the Board will be

## COMPLAINANTS' EXHIBIT No. 403

called to order for the regular monthly meeting. If you should be late come on to the City Cafe and join the group.

Minutes of a Special Meeting of the Board of Directors of  
the Middle Tennessee Electric Membership Corporation

A special meeting of the Board of Directors of the Middle Tennessee Electric Membership Corporation was held in the office of the corporation, 125 N. Church St., April 6th, 1937, at 8 P. M. pursuant to a call by the President and notice to all of the Directors and pursuant to the certificate of incorporation and the by-laws and the laws of the State of Tennessee.

The Rutherford County members entertained the Wilson County members at a dinner at the City Cafe before the regular meeting.

Mr. T. R. Hunnicutt, of TVA, Mr. Burton, TVA, Mr. Peavey of TVA and Mr. C. F. Holt, former member of the Board were guests.

The regular meeting was called to order by the President at the office at 8 o'clock, and on motion duly made and seconded Mrs. Frank Travis was elected temporary secretary of this meeting and directed to report the same. Upon roll call the secretary reported the following directors present:

[fol. 2839]

M. H. Jones,	J. J. McFarland,
E. W. Weatherly,	K. T. Hutchinson,
J. C. Couch,	R. E. Snell,
Homer Hancock,	J. G. Harris,
S. B. Smith,	Lon P. MacFarland,
J. C. Bradshaw,	S. E. McElroy.

The President then called upon the guests each of whom made a short talk.

Mr. Steele was then called on for his report, which follows:

Unpaid vouchers for the month:

Robert Groom .....	\$139.20
Southern Bell Tel. & Tel. Co. ....	12.95
Wilson Co. Register .....	10.00

## COMPLAINANTS' EXHIBIT No. 403

General Electric	\$1.86
Line Material Co.	25.15
Firestone Service Stores	38.86
Water Department	1.15
Modern Ad. Co.	8.50
Ambrose Printing Co.	42.00
Tennessee Electric Power Co.	2.11
McCord & Harris	.70
Mullins-Osborne Co.	2.70
A. B. Smith	45.00
Murfreesboro Printing Co.	22.00
Tennessee Valley Authority	213.76
Social Security Tax	3.15
Petty Cash reimbursement	44.61
	<hr/>
	\$568.99

[fol. 2840] Metered revenue for the month, \$719.77.

Number of meter orders issued, 450.

Number of memberships issued, 498.

Number of bills sent this month, 422.

Number of minimum bills, 125.

Number of bills for part month, 65.

Cash on hand end of month, \$1,755.97.

#### Line report:

Total 3-phase pole line miles	56.86
Total single phase pole line miles	216.13
	<hr/>
Total pole line miles as staked	272.99

Total primary line miles, 240.52.

Total number of original customers to be served by lines as staked out, 839.

Pole line miles energized as of 4-1-37, 203.53.

Total customers on lines energized as of 4-1-37, 634.

Total number of customers now being served on energized lines, 440.

69 per cent of customers on energized lines are receiving service.

## COMPLAINANTS' EXHIBIT No. 403

72 customers now receiving service were not among original signers. (These are among the 440 now being served.)

Mr. Safely of the Baird Safely Hardware Company has agreed for the present to collect our bills at his store in Lebanon. This was done for the convenience of those members living in Wilson County who carry no checking account. Mr. MacFarland, will this be agreeable with REA since Mr. Safely is not bonded?

[fol. 2841] On March 19, 1937, I energized Route 14 and second section of Route 10. This includes a part of 3 phase line and the single phase leading east of Lebanon through Tuckers Cross Roads into Grant.

On March 20, 1937, I energized 10 B which is south and parallel to Routes 10 and 14 and leads out through Bethany.

On April 2, 1937, I energized Routes 15 and 15A, this line branches off of Route 14 and extends south into the Commerce and Saulbury community.

Our next routes to make hot will be 16-17-17A and 17B. It is not official but our plans are to energize these routes next Thursday, the eighth. Then on the next week we will energize 18 and 19.

"Mr. McElroy is possibly more familiar with the details of a condition that exists in his section which has been brought to my attention: that of Mr. Allen. Mr. Allen paid his membership sometime ago and wired his house but didn't buy a refrigerator for which he was signed. Mr. Woodruff, one of our members, who lives near Mr. Allen told me that some of the Power Company men had a form or an affidavit that they wanted Mr. Allen to sign and told Mr. Allen that they would make it worth his while, besides he would get current within a short time without having to buy a refrigerator. And in the meantime to ask for his ten dollars membership back and regardless of whether it was refunded or not, he would receive current. I felt that I should bring this to the attention of the Board."

Upon motion duly made and seconded it was resolved that the bills as set out in Mr. Steele's report be paid. The [fol. 2842] question of turning Mr. Allen, a prospective customer, on was discussed. Mr. Hunnicutt was called on to discuss it. He stated that this question was a serious one; that relieving customers of their original sign-up would create loss through discrimination but that there were some

## COMPLAINANTS' EXHIBIT No. 403

cases where exceptions had to be made. The question of connecting Mr. Reed; Mr. Lillars and others were also discussed. Upon motion duly made and seconded it was Resolved, that Mr. Steele connect Mr. Allen upon condition that he sign a contract to purchase his equipment within 12 months.

Mr. Harris then discussed the case of Mr. Talley, stating that Mr. Talley has signed for a range instead of a water-heater on his contract. It was stated that it was a mistake of the TVA's solicitor rather than Mr. Talley's mistake. Upon motion duly made and seconded it was Resolved, that Mr. Talley be connected.

Upon motion duly made and seconded it was Resolved, that Kilowatt hours be swapped instead of equipment.

Dr. Smith moved that action on individual cases and changing of contracts be delayed for six months. This motion was lost.

Mr. Weatherly brought up the case of Mr. J. E. Belcher of Wilson County. This case was discussed and upon motion duly made and seconded it was Resolved, that, Mr. Belcher's case be delayed for further investigation.

Mr. Couch brought up the discussion of the payment of installations on ranges and water heaters for the customers. Mr. Steele was instructed to get up information upon the total number of these cases.

[fol. 2843] The President discussed the date of payment of customers bills. After general discussion decision on this matter was postponed for Mr. Steele to work out a better plan with the adjustment of penalties.

Mr. MacFarland requested that each member contract their Representative and Senator to get their support in the passage of the REA bill in the State Legislature.

The President asked for a report on all extensions that were approved at the last meeting. Mr. Peavey stated that a survey crew was working on the extensions at the present time and that there were about 68 more miles of the original project to be built before the substitutes could be begun. He also stated that TVA would have a representative to make a house to house canvass to ascertain whether or not prospective customers of originally signed contracts who were on the existing lines were or were not going to connect on. He stated, also that Mr. Bridges and Mrs.

## COMPLAINANTS' EXHIBIT No. 403

Davis would be sent back to this territory for additional work.

The superintendent asked the Board for authority to use \$600.00 for buying of maintenance tools. On motion duly made and seconded it was resolved that this \$600.00 be allotted for this purpose.

Upon motion duly made and seconded, the meeting was adjourned.

Mrs. Frank Travis, Acting Secretary. E. W. Carmack, Secretary.

Approved: K. T. Hutchinson, President.

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[fol. 2844] COMPLAINANTS' EXHIBIT No. 404

To E. W. Carmack, Secretary of the Middle Tennessee Electric Membership Corporation:

In accordance with the authority vested in me by the By-laws of this Corporation, I hereby call a meeting of the Board of Directors of The Middle Tennessee Electric Membership Corporation, to be held in the office of the Corporation, 125 N. Church Street, Murfreesboro, Tennessee, at 7:30 P. M. on the 4th day of June, 1937, for the purpose of considering the undertaking of expansion programs, and to consider and approve current bills and other business that might properly come before the Board.

Witness my hand on this the 31st day of May, 1937.

K. T. Hutchinson, President.

May 31, 1937.

DEAR SIR:

You are hereby notified that a meeting of the Board of Directors of The Middle Tennessee Electric Membership Corporation has been called by the President, and will be held at the office of the Corporation, at 125 North Church Street, Murfreesboro, Tennessee, at 7:30 P. M., on the 4th day of June, 1937.

The purpose of this meeting is (1) to consider the undertaking of an expansion program.



## COMPLAINANTS' EXHIBIT No. 404

(2) To consider and approve current bills.

[fol. 2845] (3) To consider and act upon any other business that may properly come before the Board.

E. W. Carmack, Secretary.

Minutes of Monthly Meeting of the Board of Directors of  
The Middle Tennessee Electric Membership Corporation  
of June 4, 1937

A meeting of the Board of Directors of the Middle Tennessee Electric Membership Corporation was held at the Corporation office at Murfreesboro, Tennessee, on June 4th, 1937, at 8 o'clock P. M., pursuant to a call by the President and notice to all of the directors and pursuant to the certificate of Incorporation, to the by-laws and to the laws of the State of Tennessee.

The meeting was called to order by the President at 8 o'clock P. M.

Mr. Terry Eatherly, a new director from Wilson County, elected instead of Noel B. Nokes, who had resigned, was introduced to the Board. Mr. Eatherly stated that he was glad to be a member of the Board of Directors and would try to cooperate in every way to the success of the corporation.

The President stated that Mr. Hunnicutt of the TVA was not ready yet to discuss the extensions; that he had been advised by Mr. Hunnicutt that everything possible was being done in Washington to secure the Veteran's Hospitals as a customer, and that he had further been advised that [fol. 2846] there was a 44,000 volt line being planned by the TVA to be built through the territory.

Mr. E. L. Williams and wife, appeared before the Board and asked that they be given service. The Board discussed the problem with Mr. Williams and assured him that effort would be made to serve him, and requested that he try to obtain a right-of-way to his property so that a line could be built. The matter of the present easement held by the corporation was referred to Mr. MacFarland, counsel, to report on.

The President then called on Mr. Steele, superintendent, for his monthly report, which is as follows:

## COMPLAINANTS' EXHIBIT No. 404

"Vouchers to be paid for the month:

A. B. Smith .....	\$45.00
Firestone Auto Supply Stores .....	88.92
Tennessee Valley Authority .....	346.68
Aluminum Company of America .....	53.85
Tennessee Electric Power Co. ....	3.02
Social Security .....	6.30
Daily-news journal .....	10.50
Chas. L. Briley .....	1.30
Murfreesboro Water Dept. ....	2.22
Sangamo Electric Co. ....	45.84
Southern Bell Tel. & Tel. ....	15.55
Line Material Co. ....	145.33
Tafel Electric Co. ....	13.83
Petty Cash .....	43.84
E. H. F. A. ....	297.36
	<hr/>
	\$1,119.54

[fol. 2847] Metered Revenue, \$1,008.48.

Amortization, 309.21.

Balance Cash on hand, \$3,210.44.

Number of Min bills, 222.

Number billed for month, 670.

Number part month bills, 33.

Average bill, 1.96.

Number memberships issued for mo., 43.

Kilowatt hours sold, 35,440.

Kilowatt hours bought, 52,800.

Memberships to date, 706.

Customers to date, 697."

Upon motion duly made and seconded it was resolved: That the bills and report, as presented by Mr. Steele, be approved, and that the bills included in said report be paid. Mr. Steele then asked that he be given permission to buy a second hand filing cabinet and desk for the office. He was granted this permission by the Board.

Mr. Peavey, district manager of TVA, was present and extended an invitation to attend a Barbecue at Shelbyville on June 19th.

Mr. Hancock was called on to discuss problems of electric farms and did discuss the program being promoted by the

## COMPLAINANTS' EXHIBIT No. 404

extension service. He stated that it would be necessary to purchase metering equipment and that would be the only expense of the corporation.

Upon motion duly made and seconded it was resolved: That the corporation purchase metering equipment for ten [fol. 2848] farms.

Upon motion duly made and seconded the President was instructed to appoint a committee to call on and discuss with the State Public Utilities Commission problems of the corporation, and discuss with them rates in regard to the hospital. The President appointed Mr. Hancock, Mr. Carmack and Mr. MacFarland.

Upon motion duly made and seconded it was resolved: That an application be prepared and submitted to the REA for additional money up to \$300,000.00 for the building of new extensions, as soon as the extensions could be worked into feasible projects. The counsel for the corporation was instructed to prepare the application.

Upon motion duly made the meeting was adjourned.

E. W. Carmack, Secretary.

Attest: K. T. Hutchinson, President.

## [fol. 2849] COMPLAINANTS' EXHIBIT No. 405

The Middle Tennessee Electric Membership Corporation  
Minutes of Special Meeting of Board of Directors

A special meeting of the Board of Directors of the Middle Tennessee Electric Membership Corporation was held at the office of the Corporation, in the City of Murfreesboro, State of Tennessee, at 7:00 o'clock P. M., on the 16th day of June, 1937, pursuant to call and to waiver of notice of all of the directors of the Corporation.

The meeting was called to order by K. T. Hutchinson, President of the Corporation, who presided, and E. W. Carmack, Secretary of the Corporation, acted as Secretary of the meeting and kept the minutes thereof.

Upon calling the roll the Secretary reported that the following were present:

Lon P. MacFarland,  
S. E. McElroy,

M. H. Jones,  
Homer Hancock,

## COMPLAINANTS' EXHIBIT No. 405

J. C. Couch,  
E. W. Carmack,  
J. G. Harris,  
S. B. Smith,  
J. J. MacFarland,

T. H. Eatherly,  
E. W. Weatherly,  
J. C. Bradshaw,  
R. E. Snell,  
K. T. Hutchinson,

said persons being all of the directors of the Corporation.

The Secretary then presented and read the call signed by the President and the waiver of notice of the meeting signed by all of the directors of the Corporation, said call and said waiver of notice being as follows:

[fol. 2850] We, the undersigned directors of The Middle Tennessee Electric Membership Corporation (hereinafter called the "Corporation"), do hereby waive all notice of the time, place and purpose of a special meeting of the Board of Directors of the Corporation and we do hereby fix The Corporation Office, in the City of Murfreesboro, State of Tennessee, as the place and the 16th day of June, 1937, at 7:00 o'clock, P. M. as the time for the holding of said meeting of the Board of Directors for the following purposes:

1. To authorize the construction, operation and maintenance of electric transmission, distribution and service lines or system in the Counties of Rutherford, Wilson, Smith, Cannon and Davidson, State of Tennessee, by the Corporation;

2. To authorize the execution and delivery of an Amendment to the Construction Loan Contract between the Corporation and the Government, acting through the Rural Electrification Administration, with respect to the terms of the loan by the Government to the Corporation of not to exceed \$254,000, and of an additional loan by the Government to the Corporation of not to exceed \$6,000, and specifying the requirements incident thereto;

3. To authorize the execution and delivery of an additional Mortgage Bond by the Corporation to the Government in the principal amount of \$6,000 providing for interest at the rate of 2.77 per centum per annum, payable monthly and providing for the payment of principal in monthly in-

## COMPLAINANTS' EXHIBIT No. 405

stallments calculated to pay and discharge the indebtedness [fol. 2851] evidenced by said Mortgage Bond in twenty (20) year ;

4. To authorize the execution and delivery of a Supplemental Mortgage and Deed of Trust of all the property and assets of the Corporation, now owned or hereafter acquired, to secure, with the original Mortgage and Deed of Trust heretofore executed and delivered, equally and ratably, said Mortgage Bond and any any all additional bonds which have been or may be issued in the manner and upon the terms and conditions and for the purposes set forth in such Mortgage and Deed of Trust and Supplemental Mortgage and Deed of Trust, and any and all bonds which may be issued in renewal of or substitution for the Mortgage Bond or any additional bond or bonds so executed and delivered, the aggregate principal amount of which Mortgage Bond, additional bonds and such renewal and substituted bonds shall not at any time exceed \$500,000;

5. To authorize and to approve and ratify the execution of various contracts for, relating to, or in connection with, the construction of said proposed lines or system including without limiting the generality of the foregoing, a contract or contracts for the purchase of electric energy for use in connection with the operation of said proposed lines or system;

6. To amend the by-laws of the Corporation;

7. To approve, adopt, ratify and confirm all action taken at all prior meetings or assemblages of the Incorporators [fol. 2852] and of the Directors and of the Members of the Corporation and all steps taken and acts performed in connection therewith or pursuant thereto;

8. To take any and all action and to transact any and all business which may be necessary, convenient or desirable in connection with any of the foregoing at said meeting or at any adjournment or adjournments thereof;

and for the transaction of such other and further business as may come before said meeting or any adjournment or adjournments thereof.

## COMPLAINANTS' EXHIBIT No. 405

In Witness Whereof, we have hereunto set our hands this 15th day of June, 1937.

S. E. McElroy, J. C. Couch, E. W. Carmack, S. B. Smith, M. H. Jones, R. E. Snell, K. T. Hutchinson, C. F. Holt, Lon P. MacFarland, J. G. Harris, J. J. McFarland, Homer Hancock, T. H. Eeatherly, J. C. Bradshaw, E. W. Weatherly, N. B. Nokes, being all of the directors of the Middle Tennessee Electric Membership Corporation.

The Secretary then presented to the meeting the Minutes of all prior meetings of the Members and of the Board of Directors and of the Incorporators of the Corporation, and such Minutes were lawfully examined by all of the Directors. Therefore, on motion duly made and seconded and unani-[fol. 2853] mously carried by the affirmative vote of all the Directors it was:

Resolved, that the Board of Directors of the Corporation hereby affirms, adopts, ratifies and confirms all action taken at all prior meetings of the Incorporators and of the Members and of the Board of Directors of the Corporation, and all steps taken and acts performed in connection therewith or pursuant thereto, including, though not by way of limitation, the adoption of by-laws; the election of officers, including K. T. Hutchinson as President and E. W. Carmack as Secretary; and the adoption of a corporate seal.

The Chairman then outlined in general terms the program whereby the Corporation has constructed and will construct and operate electric transmission, distribution and service lines or system in rural areas in the Counties of Rutherford, Wilson, Cannon, Smith, and Davidson, State of Tennessee. financed and to be financed by a loan from the United States of America, through the Rural Electrification Administration. He also outlined the necessity and desirability of an additional loan for this purpose and presented to the meeting a form of proposed Amendment to Construction Loan Contract prepared for execution between the Corporation and the United States of America, acting through the Administrator of the Rural Electrification Administration, providing for an additional loan from the United States of America to the Corporation in an amount not to exceed \$6,000 and prescribing the terms and conditions for the construc-



## COMPLAINANTS' EXHIBIT No. 405

tion of the proposed electric transmission, distribution and [fol. 2854] service lines or system by the Corporation and for the administrative expense and overheads involved and relating to such construction.

The Chairman called attention to the form of form of Supplemental Mortgage and deed of trust annexed to the proposed Construction Loan Contract as Exhibit A and stated that, pursuant to the proposed Construction Loan Contract, the Corporation would be required to execute and deliver an additional mortgage Bond in the amount of the loan, bearing interest at the rate of 2.77 per centum per annum payable monthly, and providing for monthly payments on account of principal calculated to pay and discharge the principal indebtedness within twenty (20) years after the date of the additional Mortgage Bond. The Chairman further stated that the Second Bond would be required to be secured by the Mortgage and Deed of Trust heretofore authorized, executed and delivered, as supplemental and amended by a Supplemental Mortgage and Deed of Trust executed by the Corporation and delivered to the Lebanon Bank and Trust Company as Trustee substantially in the form of the Supplemental Mortgage and Deed of Trust set forth in said Exhibit A of the Construction Loan Contract, covering all of the property and assets of the Corporation, now owned or hereafter acquired. The Chairman also called attention to the provisions of the existing Mortgage and Deed of Trust and of the proposed Supplemental Mortgage and Deed of Trust which provide that in addition to the Mortgage Bond heretofore authorized, executed and delivered in the amount of \$254,000, and the Second Bond in the amount of \$6,000 proposed to be presently issued, additional bonds may be executed and delivered by the Corporation to the United States of America in the manner and upon the terms and conditions and for the purposes set forth in the Mortgage and Deed of Trust as supplemented and amended, the aggregate principal amount of which additional bonds, together with the principal amount of the First and Second Bonds and any and all bonds which may be issued in renewal of or substitution for the First and Second Bonds or any such additional notes, shall not at any time exceed \$500,000, and that the First and Second Bonds, such additional bonds and renewal and substituted bonds

## COMPLAINANTS' EXHIBIT No. 405

shall be equally and ratably secured thereby without preference, priority or distinction and irrespective of the dates of execution and delivery of the First and Second Bonds, any such additional bonds and any such renewal or substituted bonds.

The Chairman stated that the proposed Amendment to Construction Loan Contract and the form of proposed Supplemental Mortgage and Deed of Trust had been approved by counsel for the Corporation. The Secretary of the meeting then read the form of proposed Amendment to Construction Loan Contract, including the form Supplemental Mortgage and Deed of Trust, attached thereto as Exhibit A.

After discussion of the proposed Amendment to Construction Loan Contract and the proposed Supplemental Mortgage and Deed of Trust, the form of proposed Amendment to Construction Loan Contract was ordered to be identified by the Secretary and annexed to the minutes of this meeting and thereupon, on motion duly made and seconded, the following resolutions were unanimously adopted:

[fol. 2856] Resolved, That the Board of Directors of the Corporation hereby approves the construction of the rural electrification project pursuant to the Construction Loan Contract dated October 16, 1936, between the United States of America and the Corporation, submitted to this meeting, such project consisting of electric distribution lines in rural areas in the Counties of Rutherford, Wilson, Smith, Cannon and Davidson, in the State of Tennessee, together with substations, secondaries, transformers, meters and all other appurtenances necessary for the efficient operation thereof; and

Resolved, That the Board of Directors of the Corporation hereby approves, ratifies and confirms all acts and things done by or on behalf of the Corporation by its directors, officers or members in connection with the construction of the rural electrification project as hereinabove in the preceding resolution specified and described; and

Resolved, That the Board of Directors of the Corporation hereby approves and authorizes the construction and operation by the Corporation of electric transmission distribution and service lines or system in the Counties of Rutherford, Wilson, Cannon, Smith and Davidson, in the State of Tennessee, approximately — miles in length, together with

## COMPLAINANTS' EXHIBIT No. 405

substations, secondaries, transformers, meters and all other necessary appurtenances, equipment and apparatus for the efficient operation thereof along such routes as the President and Secretary of the Corporation in their discretion shall determine and as shall be approved by the Administrator of the Rural Electrification Administration; and

Resolved, That the Corporation, for its corporate purposes and in order to finance the construction of the aforesaid lines or system for the transmission and distribution of electric energy, and for administrative expenses and overheads in connection with such construction, borrow an additional sum not to exceed \$6000 from the United States of America, through the Administrator of the Rural Electrification Administration; and

Resolved, That the Board of Directors of the Corporation hereby approves the form and substance of the amendment to Construction Loan Contract proposed to be entered into by the Corporation and the United States of America, acting through the Administrator of the Rural Electrification Administration, including the form and substance of the Supplemental Mortgage and Deed of Trust, attached thereto as Exhibit A submitted to this meeting; and

Resolved, That the President and Secretary of the Corporation are hereby authorized, empowered and directed, for and on behalf of the Corporation and in its name, forthwith to sign, execute and deliver as many counterparts as shall seem to them necessary or desirable of an Amendment to Construction Loan Contract between the United States of America and the Corporation substantially in the form of the proposed Amendment to Construction Loan Contract approved at this meeting, under the seal of the Corporation, [fol. 2858] which the Secretary of the Corporation is hereby directed to affix and attest, with such insertions, changes or variations therein as the President of the Corporation shall in his discretion deem necessary or expedient; and

Resolved, That the President, Secretary and Treasurer of the Corporation, and each of them (with full power to act without the others) to be, and they hereby are, authorized, empowered and directed, for and on behalf of the Corporation and in its name, to sign, seal execute and deliver any

## COMPLAINANTS' EXHIBIT No. 408

[fol. 2877] Proposed Rural Electrical Development—Rutherford-Wilson County Project—Revenue Statement—Continued

## First Year—Residential—Continued

Class of Customer Monthly kwh. Consumption	Number of Customers	Total Monthly kwh. Consumption	Monthly Bill Per Customer	Total Monthly Revenue	1¢ Per kwh. Collection	Total Annual Revenue
650	1	650	\$7.50	\$7.50	\$1.00	\$102.00
680	3	1,980	7.54	22.62	3.70	307.44
680	1	680	7.62	7.62	1.00	103.44
710	1	710	7.74	7.74	1.00	104.88
850	1	850	8.20	8.20	1.00	111.60
1,000	2	2,000	8.90	17.80	2.00	237.60
1,300	1	1,300	10.10	10.10	1.00	133.20
1,400	1	1,400	10.50	10.50	1.00	138.00
1,780	1	1,780	13.35	13.35	1.00	172.20
2,000	1	2,000	15.00	15.00	1.00	192.00
Total....	802	121,090	\$2.83	\$266.93	\$533.40	\$33,627.96

[fol. 2878] \* Three Phase Construction.

X Additional kwh. guaranteed on customer contracts and included in Total kwh. Estimate although no specific use is indicated.

Boute #1-B-	1000 kwh.
" " 4-	1000 "
" " 5-	335 "
" " 5-A	670 "
" " 6	500 "
" " 10-A-	180 "
" " 11-A-	180 "
" " 12-C-	720 "
" " 13-	20 "
" " 19-	920 "
Total	5525

## COMPLAINANTS' EXHIBIT No. 403

Proposed Rural Electrical Development—Rutherford-  
Wilson Project—Continued

## Investment Statement

## First Year

Section 1—Construction of 3 phase 11 kv. lines from Midland in Rutherford County to a point near Lebanon in Wilson County, Tennessee, 53.5 miles at \$950 per mile .....	\$50,825
Section 2—Installation of necessary secondaries, transformers, and service lines along, above 3 phase route to serve 89 customers at \$70 per customer .....	\$6,230
Section 3—Construction of 1 phase lines, 6.9 kv. in Rutherford, Cannon, Wilson, Davidson, and Smith Counties in Tennessee, 207.5 miles at \$950 per mile .....	\$197,125
<b>Total Investment .....</b>	<b>\$254,180</b>

[fol. 2879]

## Second Year Estimate

Class	Investment	Number Customers	Miles Line	Annual Revenue	Annual Amortization	Total Annual Revenue
Residential .....		1,107	...	\$37,307	\$8,515	\$45,722
Commercial .....		143	...	4,853	1,110	5,963
<b>Total .....</b>	<b>\$290,890</b>	<b>1,250</b>	<b>286</b>	<b>\$42,060</b>	<b>\$9,625</b>	<b>\$51,685</b>

## Third Year Estimate

Residential .....		1,335	...	\$44,648	\$10,217	\$54,865
Commercial .....		165	...	5,824	1,333	7,157
<b>Total .....</b>	<b>\$312,290</b>	<b>1,500</b>	<b>298</b>	<b>\$50,472</b>	<b>\$11,550</b>	<b>\$62,022</b>

[fol. 2880]

## REA Project

## Tennessee 19 Rutherford

The following specifications will be used on the rural lines in the above project which will be constructed by the Tennessee Valley Authority in Rutherford and Wilson Counties, Tennessee.

Tennessee Valley Authority, Chattanooga, Tennessee, (Signed) A. H. Sullivan.



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and all contracts and other instruments, and generally to do and perform any any all acts or things, which they, or any one of them, shall deem necessary or advisable, fully to perform the terms, covenants and conditions required to be performed by the Corporation pursuant to the Construction Loan Contract heretofore executed and pursuant to the Amendment to Construction Loan Contract between the United States of America and the Corporation approved at this meeting when the same shall become effective, and to procure the construction and operation of the lines or system for the transmission and distribution of electric energy contemplated to be constructed pursuant to such Construction Loan Contract and said Amendment to Construction Loan Contract, and

Resolved, That the President and Secretary of the Corporation be, and they hereby are authorized, empowered and directed, for and on behalf of the corporation and in its name, forthwith to make, execute and deliver a Second Bond [fol. 2859] payable to the United States of America in the principal amount of \$6,000 with interest thereon at the rate of 2.77 per centum per annum payable monthly and providing for monthly payments on account of the principal calculated to pay and discharge the indebtedness evidenced thereby within twenty (20) years after the date thereof, substantially in the form of the Mortgage Bond provided for in the Mortgage and Deed of Trust heretofore executed and on the proposed Supplemental Mortgage and Deed of Trust, under the seal of the Corporation, which the Secretary of the Corporation is hereby directed to affix and attest, with such insertions, changes and variations therein as the president of the Corporation shall, in his discretion, deem necessary or expedient; and

Resolved, That the President and Secretary of the Corporation be, and they hereby are authorized, empowered and directed, for and on behalf of the Corporation and in its name, forthwith to sign, execute and deliver as many counterparts as shall seem to him necessary or advisable of a Supplemental Mortgage and Deed of Trust of all of the property and assets of the Corporation, now owned or hereafter acquired, to the Lebanon Bank and Trust Company as Trustee, substantially in the form of the Supplemental Mortgage and Deed of Trust approved at this meeting, un-



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der the seal of the Corporation, which the Secretary is hereby directed to affix and attest, to secure, equally and ratable, the First Mortgage Bond in the amount of \$254,000, heretofore authorized, executed and delivered and the [fol. 2860] Second Bond, heretofore at this meeting authorized to be executed and delivered, and any and all additional bonds which may be executed and delivered in the manner and upon the terms and conditions and for the purposes set forth in said Mortgage and Deed of Trust as Supplemented and amended and any and all bonds which may be issued in renewal of or substitution for the First and Second Bonds or any such additional bond or bonds, the aggregate principal amount of which additional bonds and renewal and substituted bonds, together with the principal amount of First and Second Mortgages Bonds shall not at any time exceed \$500,000, with such insertions, changes and variations in said form of Supplemental Mortgage and Deed of Trust as the President of the Corporation shall, in his discretion, deem necessary or expedient; and

Resolved, That the President, Secretary and Treasurer of the Corporation and each of them (with full power to act without the others) be, and they hereby are, authorized, empowered and directed, for and on behalf of the Corporation, to file record, refile and record the Mortgage and Deed of Trust heretofore authorized, executed and delivered and the Supplemental Mortgage and Deed of Trust, heretofore at this meeting authorized to be signed, sealed, executed and delivered by and on behalf of the Corporation, and to sign, seal execute and deliver such supplemental mortgages and deeds of trust and generally to do and perform any and all acts and to execute and deliver any and all instruments which they, or any one of them, shall deem necessary or ad-[fol. 2861] visable fully to perform the terms, covenants and provisions of the Mortgage and Deed of Trust as supplemented and amended, when the same shall be executed and delivered, and to consummate and carry out the purposes and intent of these resolutions; provided, however, that no additional bond or bonds nor any renewal or substituted bond or bonds, shall be made, executed or delivered unless and until the same shall be expressly authorized by a resolution or resolutions adopted by the Board of Directors of the Corporation and except in the manner and upon

## COMPLAINANTS' EXHIBIT No. 405

the terms and conditions and for the purposes set forth in the Mortgage and Deed of Trust as supplemented and amended.

The form of the Construction Loan Contract with Exhibits A therein referred to attached, was ordered to be identified by the Secretary as having been presented to and acted upon at this meeting of the Board of Directors and to be annexed to the minutes of this meeting.

The President called on Mr. Hunnicutt, Division Manager of the TVA to discuss an expansion program and to discuss problems in connection with connecting customers along the line and increasing service to the customers who desire service. Mr. Hunnicutt and Mr. Peavey discussed it and Mr. Blackburn of the REA discussed the availability of funds.

The President then requested that Mr. Hunnicutt give the Board the exact sum that had been spent by the TVA on the construction of the lines that have been finished. Mr. Hunnicutt stated the Accounting Department had not finished getting up these figures but that from the date [fol. 2862] available it appeared that the construction cost would run over the original estimate Ten or Twelve Thousand Dollars. Mr. Hunnicutt promised to get the figures for the Board of Directors within the next few days. The question of a membership meeting was discussed, upon motion duly made and seconded it was resolved; that Article IV of Section IV of the by-laws be changed to read as follows:

"That any meeting 20 per cent of the members present either by proxy or in person shall constitute a quorum for the transaction of business."

Upon motion duly made and seconded it was resolved, that Article IV, Section V of the by-laws be changed to read as follows:

"Each member shall be entitled to one (1) vote regardless of the number of memberships held by him. Each member shall be entitled to one vote regardless of memberships voting by proxy is hereby expressly authorized."

The President then discussed the request extension of Service. Upon motion duly made and seconded it was re-

## COMPLAINANTS' EXHIBIT No. 405

solved, that a committee be appointed to work out the policies of the Corporation in regard to extension and increasing in existing services; that the Superintendent be made a member of the Committee, and that the committee be authorized to employ if necessary, additional personnel to work on this program. The President then appointed the following committee;

Mr. MacFarland

Mr. Hancock

Mr. Carmack

Mr. Weatherly

Mr. Jones

Mr. T. E. Steele

[fol. 2863] Meeting to be held Friday night at 7:30 o'clock P. M.

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting adjourned.

E. W. Carmack, Secretary.

Approved: K. T. Hutchinson, President.

We, the undersigned directors of —, do hereby approve, ratify and confirm in all respects the above and foregoing minutes of the special meeting of the Board of Directors of —, 193—, and each and every step taken and act performed thereat.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## [fol. 2864] COMPLAINANTS' EXHIBIT No. 406

To E. W. Carmack, Secretary of the Middle Tennessee Electric Membership Corporation:

In accordance with the authority vested in me by the by-laws of this Corporation, I hereby call a meeting of the Board of Directors, to be held in the office of Lon P. MacFarland, Lebanon, Tennessee, at 7:30 P. M. on 6th day of July, 1937, for the purpose of considering the undertaking of expansion programs, and to consider and approve current bills and any other business, that might properly come before the Board.

Witness my hand on this the 2nd day of July, 1937.

K. T. Hutchinson, President.

## COMPLAINANTS' EXHIBIT No. 406

July 2, 1937.

DEAR SIR:

You are hereby notified that a meeting of the Board of Directors of The Middle Tennessee Electric Membership Corporation has been called by the President and will be held at the office of the Corporation, at Lebanon, Tenn., at 7 o'clock P. M., on the 6th day of July, 1937.

The purpose of this meeting is (1) to approve the payment of monthly bills, and to transact other routine business.

(2) To consider and act on any other matters that may be properly brought before the Board.

E. W. Carmack, Secretary.

[fol. 2865] Minutes of Monthly Meeting of the Board of Directors of the Middle Tennessee Electric Membership Corporation of July 6, 1937

A meeting of the Board of Directors of the Middle Tennessee Electric Membership Corporation was held at the office of Mr. Lon P. MacFarland at Lebanon, Tennessee, on July 6, 1937, at 8 o'clock P. M. pursuant to a call by the President and notice to all of the directors and pursuant to the certificate of incorporation, to the by-laws and to the laws of the State of Tennessee.

The meeting was called to order by the President K. T. Hutchinson who presided. In the absence of the Secretary and upon motion duly made and seconded Miss Ann McFerrin was elected temporary secretary and instructed to report the meeting. The roll was called by the temporary secretary who reported the following directors were present:

K. T. Hutchinson,  
S. E. McElroy,  
Homer Hancock,  
J. G. Harris,  
E. W. Weatherly,

S. B. Smith,  
Lon P. MacFarland,  
Dr. J. J. McFarland,  
J. C. Bradshaw,  
T. H. Eatherly,

said members being a quorum of the Board.

The President then reported that Mrs. Travis, cashier, had tendered her resignation to be effective July 1, 1937.

## COMPLAINANTS' EXHIBIT No. 406

Upon motion duly made and seconded this resignation was accepted.

The President then called for a discussion on extensions and a report by the policy committee. Mr. Harris and Mr. Terry of Trousdale County appeared before the board asking the cooperation of the Board in getting lines built into [fol. 2866] Trousdale County. They reported that they had already began work upon getting applications for service from residents of Trousdale County south of the river and that there was according to their estimate sixteen and seven-tenth- (16.7) miles, where prospective customers did not have electric service and wanted the Corporation to build lines. They requested that Mr. Steele, Superintendent, attend meetings they were holding to get applications for service. It was reported to the Board that a section of Smith County had applied for service. The Board offered full cooperation.

The President then called on Mr. Steele, Superintendent, for his monthly report.

"Vouchers to be paid for the month:

Line Material Co. ....	\$ 155.15
Meyers Mfg. Co. ....	60.00
Keith-Simmons Co., Inc. ....	16.97
Sangamo Electric Co. ....	54.15
Geo. C. Drury Co. ....	5.60
Andersons Inc. ....	46.10
Southern Bell Tel. & Tel. Co. ....	13.15
McNish-Fry Electric Co. ....	28.00
Bell Bros. & Co. ....	3.40
Murfreesboro Water Dept. ....	2.72
Tennessee Valley Authority ....	417.31
McCord & Harris ....	46.47
Daily News Journal ....	7.25
Tennessee Electric Power Co. ....	7.70
Firestone Service Stores ....	103.09
Petty Cash ....	20.89
J. C. Penny Co. ....	15.00
[fol. 2867] Ambrose Printing Co. ....	21.00
Commercial Revenue ....	141.56
Residential Revenue ....	1098.04
Amortization " ....	355.48



## COMPLAINANTS' EXHIBIT No. 406

686 Meters out.

708 Memberships—2 void.

- 4 Customers with meters set not receiving service.
- 3     "     no meters set.
- 4     "     have membership, no line built.
- 1     "     membership paid, no meter set.
- 11    "     with memberships, houses not wired.

The bad meters on hand will be sent to Wilson Dam to be reworked.

Two meetings have been held recently in Cannon County in an effort to promote the working up of a feasible project in Cannon County and adjoining Counties. Men were selected to work certain sections and as soon as they have finished they will make a report to me at Murfreesboro. I am expected to hear the latter part of the week.

Upon request of Mr. Steele, Mr. Lawson the TVA auditor interviewed all probable applicants to fill the vacancy left by Mrs. Travis. After careful consideration Mr. Steele and Mr. Lawson decided upon Miss Ann McFerrin. Miss McFerrin had previously worked for a gas company which made her familiar with utility bookkeeping, billing, and general routine work. Miss Nell Rion, who works for the Tennessee Matag Corporation has been a great help to the office during her spare time. Mr. Steele recommended that Miss Ann McFerrin be employed at sixty dollars (\$60) per month [fol. 2868] and that Miss Nell Rion be paid twenty dollars (\$20) per month for the work she does during her spare time.

Upon motion duly made and seconded the report of the Superintendent was accepted.

The case of H. R. Bryan and Dr. J. W. Graves were discussed. These were original signers who had not taken service. After discussion of the cases and upon motion duly made and seconded it was resolved that the Superintendent be instructed to tie on these parties upon their signing a contract to purchase equipment originally signed for by them and not yet installed, within six months.

It was reported to the Board that the County Court of Wilson County had appropriated funds to wire twenty seven school houses on the existing lines. The Superintendent was instructed to make a survey of these and get them connected up as soon as they were wired.



## COMPLAINANTS' EXHIBIT No. 406

The President reported that the EHFA auditor had interviewed him and stated that he was well pleased with the way the EHFA accounts were being kept and that the accounts were in good shape; Mr. Lawson was at present checking the Corporation books and indicated that they were in good shape and that Mr. Lawson had set up a Special Construction Account in the books.

Upon motion duly made and seconded the Board approved the action of Mr. Steele, Superintendent, in naming Miss Ann McFerrin bookkeeper at a salary of sixty dollars (\$60) per month and Miss Nell Rion assistant at a salary of twenty dollars (\$20) per month.

[fol. 2869] The extension program was discussed and the Superintendent was instructed to set up a file on extensions in the office.

Upon motion duly made and seconded the Superintendent was authorized to purchase another truck, International one and a half ton ( $1\frac{1}{2}$ ), same type as original. The question of improving the service for Wilson County was discussed. Upon motion duly made and seconded it was resolved that the Superintendent be instructed to move Mr. Morgan, linesman, to Lebanon to take care of service calls. The President stated that a truck would be purchased at a wholesale price.

The Superintendent discussed on increase in his and Mr. Morgan's salary. The President appointed the following committee to study the financial condition of the Corporation and to report to the next meeting on this matter:

Mr. Hancock,  
Mr. Weatherly,

Mr. McElroy,  
Mr. McFarland,

Dr. Smith.

Upon motion duly made and seconded it was resolved that the Charter be amended to include Trousdale County in the service territory and that the application to the County Court of Trousdale County for a franchise be approved.

Upon motion duly made and seconded the President was authorized to advance to Mr. E. W. Hood one hundred twenty-three dollars and fifty cents (\$123.50) and Mr. T. O. Majors seventy-five dollars and no cents (\$75.) the balance due them for easement work, this to be advanced out [fol. 2870] of the General Fund and repaid to the General

**COMPLAINANTS' EXHIBIT No. 406**

Fund out of the Special Construction Account when the next requisition is made and the funds paid over to the Corporation.

There being no further business to come before the meeting upon motion duly made and seconded the meeting was adjourned.

Ann McFerrin, Temporary Secretary. E. W. Carmack, Secretary.

Approved: K. T. Hutchinson, President.

[fol. 2871] **COMPLAINANTS' EXHIBIT No. 407**

By-laws of Middle Tennessee Electric Membership Corporation.

(Omitted)

[fol. 2872] **COMPLAINANTS' EXHIBIT No. 408**

Tennessee Valley Authority

Proposed Rural Electrical Development

Rutherford-Wilson Project

Chattanooga, Tennessee, August 1, 1936.

[fol. 2873]

**Introduction**

This report and accompanying data is the result of a commercial survey recently completed in the counties of Rutherford and Wilson in Middle Tennessee, which counties have combined as a unit legally chartered as the Middle Tennessee Electric Membership Corporation to secure rural electric service from the Tennessee Valley Authority. This survey was conducted according to the TVA "Neighborhood Plan."

The proposed project includes the construction of approximately 53½ miles of 3-phase 11,000 volt rural electric lines, and approximately 207½ miles of 6,900 volt single phase lines, together with necessary transformers, meters, services, secondary lines, etc., in accordance approximately

## COMPLAINANTS' EXHIBIT No. 408

with the routes and locations as shown by the accompanying maps, at an initial estimated cost of \$254,180.00.

The project is proposed to be served from a TVA 11 kv. transmission line that is to run from the substation at Columbia, Tennessee, into Bedford County for the immediate purpose of serving Bedford and Lincoln Counties, connecting with an 11 kv. 3-phase line extending from the substation at Ardmore, Tennessee. The 11 kv. transmission line to serve this project will connect with the above mentioned line at or near Midland in Rutherford County and run north through Rutherford to a point in Wilson County east of the City of Lebanon.

This system would serve initially approximately 1,000 domestic and commercial rural customers, using approximately 1,700,000 kwh. annually, with an estimated annual gross revenue of \$38,000.00.

The area proposed to be developed under this program comprises approximately 1229 square miles in the blue grass area of Tennessee, which is highly adapted to diversified agriculture due to native fertility of soil and equable climate.

A total of approximately 8,000 farms, averaging 80.3 acres each with a rural population of approximately 38,000, now without electric service in this area can be served by completing such a program. It is conservatively estimated that 1,500 rural customers will be receiving electric service from this system within three years.

The principal revenue producing crops, ranking in the order named, are: corn, cotton, wheat, and tobacco, with potatoes and dairy products closely following.

Lebanon, the county seat of Wilson County, has a population of approximately 5,000. Here is located Cumberland University, with an average enrollment of 600, and also Castle Heights Military Academy with an average enrollment of 250. The Lebanon Woolen Mills has an invested capital of \$500,000.00 and has an average of 250 employees. The Gulf Red Cedar Company has an invested capital of \$125,000.00 with 100 employees. There are also three mill- [fol. 2874] ing companies with a combined investment of \$125,000.00 with 100 employees. In addition, there is a casket manufacturing company and a handle factory. This town has its own electrical distribution system and is pur-

## COMPLAINANTS' EXHIBIT No. 408

chasing power from the Tennessee Electric Power Company.

Murfreesboro, the county seat of Rutherford County, has a population of approximately 10,000 and here is located the Middle Tennessee Teachers' College with an enrollment of approximately 1,000, also the Tennessee College for Women with an enrollment of approximately 300.

The Rural Resettlement Administration has under option approximately 9,000 acres in the most fertile section of Wilson County, adjacent to one of the present proposed lines, and it is understood that as soon as titles have been acquired it is proposed to divide this acreage into small unit farms. It is planned that each farm is to be complete as to buildings and all modern conveniences similar to the Cumberland Homesteads Project in Eastern Tennessee, which is now in the process of being electrified through TVA. This project would add at least 250 additional customers to the present program.

## Proposed Rural Electrical Development

## Rutherford-Wilson County Project

## General Summary

## First Year

1. Total Annual Revenue .....	\$37,968.84
2. Total Investment .....	\$254,180.00
3. Investment Ratio .....	6.69
4. Total Number Customers (Signed) .....	918
5. Total Number Potential Customers (Signed and undersigned) .....	1,250
6. Total Miles Pole Line .....	261
7. Total Annual kwh.—Sold .....	1,511,880
8. Total Annual kwh.—Purchased .....	1,778,688
9. Monthly kw. Demand .....	508
10. Monthly kwh. Per Mile Line .....	504
11. Monthly kwh. Per Customer—Residential .....	151
12. Monthly kwh. Per Customer—Total .....	143
13. Investment Per Customer .....	\$276.88
14. Investment Per Mile Line .....	973.87
15. Annual Revenue Per Customer .....	41.36
16. Number Customers Per Mile Line (Signed) .....	3.52
17. Number Potential Customers Per Mile Line (Signed & Unsigned) .....	4.79

## COMPLAINANTS' EXHIBIT No. 408

[fol. 2876] Proposed Rural Electrical Development—Rutherford-Wilson  
County Project—Continued

## Revenue Statement

## First Year—Summary

Class of Customer	Number of Customers	Total Monthly kwh. Consumption	Monthly Bill Per Customer	Total Monthly Revenue	1¢ per kwh. Collection	Total Annual Revenue
Residential.	802	121,090	\$2.83	\$2,268.93	\$533.40	\$33,627.96
Commercial	116	10,425	*2.64	*305.84	55.90	*4,340.88
Total....	918	131,515**	\$2.80	\$2,574.77	\$589.30	\$37,968.84

\* Includes 10% development surcharge.

\*\* Includes additional guaranteed kwh. of 5525.

## First Year—Commercial

Class of Customer	Number of Customers	Total Monthly kwh. Consumption	Monthly Bill Per Customer*	Total Monthly Revenue*	1¢ Per kwh. Collection	Total Annual Revenue
30	79	2,370	\$1.10	\$86.90	\$23.70	\$1,327.20
80	24	1,920	2.64	63.36	19.20	990.72
110	1	110	3.63	3.63	1.00	55.56
130	1	130	4.29	4.29	1.00	63.48
180	1	180	5.94	5.94	1.00	83.28
230	2	460	7.59	15.18	2.00	206.16
280	2	560	8.91	17.82	2.00	237.84
380	1	380	11.11	11.11	1.00	145.32
500	2	1,000	13.75	27.50	2.00	354.00
530	1	530	14.41	14.41	1.00	184.92
780	1	780	19.91	19.91	1.00	250.92
2,005	1	2,005	35.79	35.79	1.00	441.48
Total....	116	10,425	\$2.64	\$305.84	\$55.90	\$4,340.88

\* Includes 10% development surcharge.

## First Year—Residential

30	336	10,080	\$ .90	\$302.40	\$100.80	\$4,838.40
80	167	13,360	2.10	350.70	133.60	5,811.60
130	39	5,070	3.10	120.90	39.00	1,918.80
180	27	4,880	4.10	110.70	27.00	1,652.40
230	59	13,570	4.80	283.20	59.00	4,106.40
270	1	270	5.20	5.20	1.00	74.40
280	56	15,680	5.30	296.80	56.00	4,233.60
330	23	7,590	5.80	133.40	23.00	*876.80
380	7	2,660	6.30	44.10	7.00	613.20
430	24	10,320	6.62	158.88	24.00	2,194.56
480	45	21,600	6.82	306.90	45.00	4,222.80
500	2	1,000	6.90	13.80	2.00	189.60
520	1	520	6.98	6.98	1.00	95.76
530	1	530	7.02	7.02	1.00	96.24
630	1	630	7.42	7.42	1.00	101.04

**COMPLAINANTS' EXHIBIT No. 408**

[fol. 2881]      **Tennessee Valley Authority**  
                 **Department of Electricity**  
**Specifications for Rural Electric Distribution Pole Lines**  
                 **Chattanooga, Tennessee**

(For brevity's sake the specification and other portions of this exhibit are omitted.)

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[fol. 2882]      **COMPLAINANTS' EXHIBIT No. 409**

Map entitled "Mississippi River System—Drainage Areas of Main Tributaries".

(Original Exhibit)

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[fol. 2883]      **COMPLAINANTS' EXHIBIT No. 410**

Map entitled "Flood Control Plan—Mississippi River".

(Original Exhibit)

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[fol. 2884]      **COMPLAINANTS' EXHIBIT No. 411**

Diagram entitled "Relation Between Valley Storage Without Dam, Valley Storage Eliminated By Reservoir, and Controllable Storage Available."

(Original Exhibit)

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[fol. 2885]      **COMPLAINANTS' EXHIBIT No. 412**

**Tennessee Valley Authority,**  
**Knoxville, Tennessee**

September 8, 1937.

Honorable J. F. Burleson, Mayor, City of Haleyville, Haleyville, Alabama.

MY DEAR MAYOR BURLESON:

Thank you for your inquiry of September 4, asking that the Authority send an engineer to make a survey of the



## COMPLAINANTS' EXHIBIT No. 412

city of Haleyville with a view to determine the feasibility of electric service by the Authority.

You understand that the Authority sells power to municipalities at wholesale only. If and when your community is in position to purchase at wholesale and desires to do so, we shall be glad to consider the question of service, dependent on considerations of the financial feasibility of the construction by the Authority of the necessary transmission and substation facilities.

We assume that you have in mind an engineering survey to determine the feasibility of municipal operations by the town. We regret that the Authority does not have engineers available for this purpose.

Should you decide to employ an independent engineer, we shall be very glad to cooperate with him in the determination of mutual problems.

It is our desire to cooperate with you in any way possible, and to that end we will be glad to meet with you or your engineer at any convenient time in Knoxville, or, if you prefer, Mr. F. F. Beauchamp, Alabama Division Engineer at Wilson Dam, will be glad to talk with you whenever you drop in.

Very truly yours, Tennessee Valley Authority, Dr.  
Martin G. Glaeser, Chief Power Planning Engineer.

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[fol. 2886] COMPLAINANTS' EXHIBIT No. 413 (Excluded)

(Omitted)

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COMPLAINANTS' EXHIBIT No. 414 (Excluded)

(Omitted)

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COMPLAINANTS' EXHIBIT No. 415 (Excluded)

(Omitted)

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COMPLAINANTS' EXHIBIT No. 416 (Excluded)

(Omitted)

**COMPLAINANTS' EXHIBIT No. 417 (Excluded)****(Omitted)****[fol. 2887] COMPLAINANTS' EXHIBIT No. 418 (Excluded)****(In pencil B 34 & 35.)****(In ink Pef. 237-A, June 22, 1934.)****Electric Power Board of Review**

**Subject:** Application for loan and grant of the City of Decatur, Alabama (Docket No. 6587) for the purpose of constructing distributing system, including low side of the substation and equipment, in the sum of \$371,743.

**After review of the Docket, this Board finds:**

**1. The Engineering Division by its supplemental report made the following conclusion and recommendation:**

**"It is our opinion that the proposed project is a public necessity and of social desirability; that it will afford needed employment; and that on the above assumptions it is technically and economically sound."**

**The assumptions referred to are that**

**(a) "The Municipal plant will receive, in addition to all the municipal load, 60 per cent of all other business in the first year of operation, and 80 per cent at the end of the [fol. 2888] loan interval."**

**This assumption, in the opinion of this Board, is far below that portion of the total business the municipality will receive, inasmuch as it will offer rates at least 60 per cent less than the present rates being charged by the Alabama Power Company by reason of the contract offered the city by the TVA; and as the Alabama Power Company, the competitor, cannot reduce its rates by anything like 60 per cent of its present rates by reason of its service to the City of Birmingham, and as it would be under the necessity of reducing its rates to other cities served by it in Alabama. If rates required by the TVA contract are charged and the City obtains the same business the Company now has, its income will provide for maintenance and operating costs, interest, amortization and taxes, and a net income over all of \$10,525. This appears by the estimate of O. M. Rau attached. This estimate makes no allowance for what may reasonably**

## COMPLAINANTS' EXHIBIT No. 418 (Excluded)

be expected in the way of an increase of current sold and of income by reason of the heavy reduction of rates. That a reduction of rates produces larger net income is shown, among other examples, by the experience of the City of Washington under its contract with the Potomac Electric Company covering the years 1925 to 1934. Under this contract the Company is required to apply one-half its surplus to rate reduction. The maximum rate in 1924 was 10¢ per [fol. 2889] kwh. Rates are now, after successive reductions, 3.9¢ for the first 50 kwh., 3.3¢ for the next 50, 2¢ for the next 100 and 1.5¢ for all over 200. In 1924 the Company earned 3.4 times its bonds interest after allowing for depreciation and taxes.

## 2

In 1932 with rates cut to one-third it earned its interest twelve times. Earnings per share increased from \$26.90 in 1924 to \$68.08 in 1932. The privately owned electric company in Hartford, Connecticut, has had a like experience. Hence this board finds that the assumption of the Engineering Division on which it bases its conclusion that the project is technically and economically sound is far less favorable to the City than the facts warrant.

The same finding applies to the estimate of Mr. O. M. Rau. This board is of opinion that during the first year after the city begins business it will have at least 75 per cent of the business measured in dollars, and an increase of not less than 10 per cent in each succeeding year. Accordingly it finds that the project is technically, economically and financially sound.

The said finding soundness is supported by the report of the Finance Division dated April 12, 1934. This report was based upon a report of the Engineering Division dated March 6, 1934, a prior report to that referred to above and [fol. 2890] one less favorable to the City. The Finance Division report of April 12 found that on the basis of the division of business estimated by the engineer-examiner "50 per cent of sales the first year and 75 per cent the twentieth year and all municipal business," the project will earn only about 1.05 times the debt service for the first several years with a deficit for the first year. Inasmuch as the estimate of the engineer-examiner referred to has now been modified so that the estimate of division of business is altered to all

## COMPLAINANTS' EXHIBIT No. 418 (Excluded)

the municipal load and 60 per cent instead of 50 the first year, with an increase of 2 per cent each year, it is obvious that the Finance Division would approve the loan on the revised basis. Furthermore, this Board is of opinion as stated above that even the revised estimate upward of the engineer-examiner is too low in view of the heavy reduction of rates proposed. As stated above this board is of opinion that the said reduction will increase the portion of the business obtained by the City and also the net revenue.

2. This Board has further reviewed the conditions attached to the report of the Engineering Division dated March 6, 1934, as follows:

"3a. The applicant shall furnish evidence satisfactory to the Administrator that the Alabama Power Company can be legally required to furnish service on a day to day basis [fol. 2891] until the acquisition by the municipality of the used and usable portions of the existing distribution system."

This condition having been reviewed by this Board is disapproved as impossible of performance; and the following condition substituted:

## 3

The applicant shall furnish evidence satisfactory to the Administrator that the Alabama Power Company can be legally required to furnish service on a day to day basis until the municipal system is ready for service.

This Board has reviewed the further condition:

"3b. And that thereafter" (the acquisition of the competitive system) "the Power Company will be without authority to sell power within the municipal limits."

This condition is also disapproved for the reason that it prevents any loan being made as such a showing involves a law suit and is probably impossible of performance as the Company has a franchise until October 1, 1949. If the TVA fails to purchase the distribution system of the Company and the municipal system being under the necessity by its contract with TVA of offering rates at least 60 per cent less than existing rates, the Company, being unable to provide an equally low rate, will be unable to continue to compete and [fol. 2892] must withdraw. Hence this condition should be stricken out.

## COMPLAINANTS' EXHIBIT No. 418 (Excluded)

This Board has further reviewed condition 4a of the engineer-examiner:

"(a) That no depreciation charges, taxes or any other items of expense, except normal operating expenses and power and lighting extensions shall be charged against the revenues of this project."

It approves this condition.

It has also reviewed condition 4b:

"That all municipally used electric energy shall be paid for at current selling rate schedules annually during the interval of the loan from the general fund into the account of this project."

This Board also approves this condition.

This Board finds also that the Engineering Division omitted to recommend a grant. Its report does not show any reason for this omission.

This Board finds that the applicant is as much entitled to a grant as other applicants to which grants have been allowed.

Resolved, that this Board recommend an allotment to the applicant in the sum of \$372,000, of which not to exceed thirty per cent of the cost of the labor and materials employed thereon, estimated at \$100,000 shall be a grant.

Henry T. Hunt, Chairman.

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[fol. 2893] COMPLAINANTS' EXHIBIT No. 419

Federal Emergency Administration of Public Works,  
Interior Department Building, Washington, D. C.

Application for Loan. (See instructions on last page of this form.)

Administrator, Federal Emergency.

Administration of Public Works.

Through State Administrator at Montgomery, Ala.

(Note 1.)

Address

Sir:

1. Application is hereby made by the City of Sheffield, Ala., of—, for the approval of the project herein de-

## COMPLAINANTS' EXHIBIT No. 419

scribed, and for allocation by the United States of the sum of Two Hundred Thousand Dollars (\$200,000.00), to provide for its construction, under the provisions of Section 202 and/or 203, 206, 207 and 208; National Industrial Recovery Act, approved June 16, 1933.

2. Legal authority, and identity of the applicant. (See Note 2.)

3. Description of work proposed (attach a general plan, see Note 3).

a. Character of project. (See Note 4.) Municipal Electrical Distribution System.

. . . . .

f. Is the project part of a larger plan or program?—Tenn. Valley Authority program.

. . . . .

4. a. Estimated total cost: \$200,000. (See Note 6.)

(1) Construction work, exclusive of cost of land.

a. Labor, \$45,940.19.

b. Material, \$142,030.59.

c. Engineering and overhead, \$9,400.00.

d. Interest during construction, \$1,650.00.

. . . . .

6. Brief statement covering—

a. Necessity or convenience of the project—has it been approved locally? Yes.

b. How approved? Voted 660 to 36.

[fol. 2894] c. What general classes of labor or construction personnel will it benefit—common, semi-skilled and skilled? How many man-hours required—65,709.

d. Brief general description of project and any additional pertinent information to be attached.

. . . . .



## COMPLAINANTS' EXHIBIT No. 419

Revised Application to Federal Administration of Public Works for Loan for the Construction of an Electrical Distribution System for the City of Sheffield, Alabama.

The original application for this loan was filed with the Alabama Advisory Board of Public Works, in Montgomery, Alabama, on August 30th, 1933. No action has been taken by that board except as indicated by their letter of September 29th, 1933; a copy of said letter as well as the reply thereto is

(For brevity other portions of this exhibit are omitted.)

[fol. 2895] COMPLAINANTS' EXHIBIT No. 420.

Loan and Grant Agreement, Dated as of Dec. 28, 1934, Between the City of Sheffield, Alabama (Herein Called the "Borrower") and the United States of America (Herein Called the "Government")

Part One.

1. Purpose of Agreement.—Subject to the terms and conditions of this Loan and Grant Agreement (herein called the "Agreement"), the Government will, by loan and grant not exceeding in the aggregate the sum of \$230,000, aid the Borrower in financing a project (herein called the "Project") consisting of the construction of an electric transmission line and distribution system, and other necessary appurtenances thereto, all pursuant to the Borrower's application (herein called the "Application"), P. W. A. Docket No. 3124, Title II of the National Industrial Recovery Act (herein called the "Act"), and the Constitution and Statutes of the State of Alabama, including particularly:

Act. No. 107, General and Local Acts of Alabama, Extra Session 1933, page 100.

2. Description of Bonds.—

- (a) Designation: Electric System Bond.
- (b) Authorized Principal Amount: \$187,000.
- (c) Type: Special obligation, serial, coupon bonds.
- (d) Registration: Registerable at the option of the holder as to principal only.

## COMPLAINANTS' EXHIBIT No. 420.

(e) Date: June 1, 1934.

(f) Interest: At the rate of 4 per cent per annum, payable December 1, 1934, and semi-annually thereafter on June 1 and December 1 in each year.

(g) Maturities: Payable on June 1, in years and amounts as follows:

[fol. 2896]

Year	Amount	Year	Amount
1937 .....	\$10,000	1945	\$11,000
1938 .....	10,000	1946	12,000
1939 .....	10,000	1947	12,000
1940 .....	10,000	1948	12,000
1941 .....	10,000	1949	12,000
1942 .....	10,000	1950	12,000
1943 .....	10,000	1951	12,000
1944 .....	10,000	1952	12,000
		1953	12,000

(h) Security: Special obligations of the Borrower, payable solely from and secured only by a first pledge of the revenues derived from the operation of the Project, after provision only for the reasonable cost of operation and maintenance thereof.

(i) Place and Medium of Payment: Payable at the office of the City Treasurer, Sheffield, Alabama, or, at the option of the holder, at a bank or trust company in Borough of Manhattan, City and State of New York, in any coin or currency which, on the respective dates of payment of the principal of and interest on the Bonds, is legal tender for public and private debts.

(j) Denomination: \$1,000.

Other provisions may be substituted for the provisions of subparagraphs (a), (b), (c), (d), (e), (f), (g), (i), and (j) of this Paragraph by the Borrower if the consent of the Federal Emergency Administrator of Public Works (herein called the "Administrator") to such substitution is obtained.

3. Amount and Method of Making Grant.—The Government will make and the Borrower will accept, whether or

## COMPLAINANTS' EXHIBIT No. 420.

not any or all of the Bonds be sold to a purchaser or purchasers other than the Government, a Grant in an amount equal to thirty per centum of the cost of the labor and materials employed upon the Project. Wherever the expression "cost of labor and materials" is used in this Agreement, such expression shall mean such cost as determined by the Administrator, and his determination thereof shall be final. The Government will make part of the Grant by payment of money and the remainder of the Grant by cancellation of Bonds and/or interest coupons; provided, however, that if all of the Bonds are sold to purchasers other than the [fol. 2897] Government, the Government will make the entire Grant by payment of money.

4. Conditions Precedent to the Government's Obligations.—The Government shall be under no obligation to pay for any of the Bonds or to make any Grant:

(a) Financial Condition and Budget: If, in the judgment of the Administrator, the financial condition of the Borrower shall have changed unfavorably in a material degree from its condition as theretofore represented to the Government, or the Borrower shall have failed to balance its budget satisfactorily or shall have failed to take action reasonably designed to bring the ordinary current expenditures of the Borrower within the prudently estimated revenues thereof;

(b) Cost of Project: If the Administrator shall not be satisfied that the Borrower will be able to complete the Project for the sum of \$230,000, being the cost estimated at the time when the Application was approved by the Government, or that the Borrower will be able to obtain, through additional borrowing or otherwise, in a manner satisfactory to the Administrator, any additional funds which the Administrator shall believe to be necessary to complete the Project;

(c) Compliance: If the Borrower shall not have complied, to the satisfaction of the Administrator, with all the provisions contained in this Agreement or in the proceedings authorizing the issuance of the Bonds, theretofore to be complied with by the Borrower;

## COMPLAINANTS' EXHIBIT No. 420.

(d) **Legal Matters:** If the Administrator shall not be satisfied as to all legal matters and proceedings affecting the [fol. 2898] Bonds, the security therefor or the Project;

(e) **Representations:** If any representation made by the Borrower in this Agreement or in the Application or in any supplement thereto or amendment thereof, or in any document submitted to the Government by the Borrower shall be found by the Administrator to be incorrect or incomplete in any material respect;

(f) **Tennessee Valley Authority Contract:** If the Borrower shall not execute a valid contract, satisfactory to the Administrator, between the Borrower and the Tennessee Valley Authority, under the terms of which the Tennessee Valley Authority will supply electrical energy to the Borrower, and will permit the Borrower to charge such rates, in accord with the provisions of the Act and Ordinance authorizing the issuance of the Bonds, as may be reasonably necessary to pay the cost of operation and maintenance of the Project and the principal of and interest upon the Bonds;

(g) **Rate and Bond Ordinances:** If the ordinance providing for the fixing and maintenance of rates and collection of charges for the facilities and services afforded by the Project and the ordinance providing for the authorization, issuance and sale of the Bonds, and the use of the revenues derived from the operation of the Project, shall not be satisfactory in form and substance to the Administrator.

5. **Bond Counsel and Bond Proceedings.**—When this Agreement has been executed the Borrower (unless it has already done so) shall promptly:

(a) **Retain municipal bond counsel** satisfactory to the Administrator to assist the Borrower in the proceedings [fol. 2899] relative to the authorization, issuance and sale of the Bonds and to give legal opinions on such matters relative thereto as may be requested by the Administrator; and

(b) **Take all the proceedings necessary** for the authorization and issuance of the Bonds.

## COMPLAINANTS' EXHIBIT No. 420.

6. Bond and Grant Requisitions.—From time to time after the execution of this Agreement, the Borrower shall file a requisition with the Government requesting the Government to take up and pay for Bonds or to make a payment on account of the Grant. Each requisition shall be accompanied by such documents as may be requested by the Administrator (a requisition together with such documents being herein collectively called a "Requisition").

7. Bond Purchases.—If a Requisition requesting the Government to take up and pay for Bonds is satisfactory in form and substance to the Administrator, the Government, within a reasonable time after the receipt of such Requisition, will take up and pay for Bonds, having maturities satisfactory to the Administrator, sufficient funds for the construction of the Project for a reasonable period. Payment for such Bonds shall be made at the Birmingham Branch of the Federal Reserve Bank of Atlanta, Birmingham, Alabama (herein called the "Reserve Bank"), or at such other place or places as the Administrator may designate, against delivery by the Borrower of such Bonds, and all unmatured interest coupons appertaining thereto, together with such documents as may be requested by the Administrator. The Government shall be under no obligation to take up and pay for Bonds beyond the amount which in the judgment of the Administrator is needed by the Borrower to complete the project.

8. Grant by Payment of Money.—If a Requisition requesting the Government to make a payment on account of the Grant is satisfactory in form and substance to the Administrator, the Government will pay to the Borrower at the Reserve Bank or at such place or places as the Administrator may designate against delivery by the Borrower of its receipt therefor, a sum of money equal to the difference between the aggregate amount previously paid on [fol. 2900] account of the Grant, and

(a) Twenty-five per centum of the cost of the labor and materials shown in the Requisition to have been employed upon the Project if the Requisition shows that the Project has not been completed; or

(b) Thirty per centum of the cost of such labor and materials if the Requisition shows that the Project has been



## COMPLAINANTS' EXHIBIT No. 420.

completed and that all costs incurred in connection therewith have been determined.

Provided, however, that the part of the Grant made by payment of money to the Borrower shall not be in excess of the difference between \$230,000 and the aggregate principal amount of the Bonds purchased by the Government. The Government reserves the right to make any part of the Grant by cancellation of Bonds and/or interest coupons rather than by payment of money if the Borrower does not need the money to pay costs incurred in connection with the construction of the Project.

9. Grant by Cancellation of Bonds.—If the Borrower, within a reasonable time after the completion of the Project, shall have filed a Requisition, satisfactory in form and substance to the Administrator, then the Government will cancel such Bonds and/or interest coupons as may be selected by the Administrator in an aggregate amount equal (as nearly as may be) to the difference between thirty per centum of the cost of the labor and materials employed upon the Project and the part of the Grant made by payment of money. The Government will hold Bonds or interest coupons for such reasonable time in an amount sufficient to permit compliance with provisions of this Paragraph, unless payment of such difference shall have been otherwise provided for by the Government.

10. Grant Advances.—At any time after the execution of this Agreement the Government may, upon request of the Borrower, if, in the judgment of the Administrator, the circumstances warrant, make advances to the Borrower on account of the Grant, but such advances shall not be in excess of thirty per centum of the cost of the labor and materials to be employed upon the Project, as estimated by the Administrator.

11. Deposit of Bond Proceeds and Grant; Bond Fund; Special Accounts.—The Borrower shall deposit all accrued interest which it receives from the sale of the Bonds at the time of the payment therefor and any payment on account of the Grant which may be made under the provisions of Paragraph 9, Part One, hereof, into an interest and bond



## COMPLAINANTS' EXHIBIT No. 420.

retirement fund account (herein called the "Bond Fund") promptly upon the receipt of such accrued interest or such payment on account of the Grant. It will deposit the remaining proceeds from the sale of the Bonds (whether such Bonds are sold to the Government or other purchasers) and the part of the Grant made by payment of money under the provisions of Paragraph 8, Part One, hereof, promptly upon the receipt of such proceeds or payments in a separate account or accounts (each of such separate accounts herein called a "Special Account"), in a bank or banks which are members of the Federal Reserve System and of the Federal Deposit Insurance Corporation and which shall be satisfactory at all times to the Administrator. Provided, however, that interest on said Bonds accruing prior to complete construction of the Project shall be paid from the proceeds of said Bonds to the extent such interest is not available from funds received as accrued interest, and, provision shall be made that, upon the delivery of said Bonds and the receipt of the proceeds, a sufficient sum, including the accrued interest received, shall be withdrawn from the proceeds and placed in said Bond Fund to pay said interest.

12. Disbursement of Monies in Special Accounts and Bond Fund.—The Borrower shall expend the monies in a Special Account only for such purposes as shall have been previously specified in Requisitions filed with the Government and approved by the Administrator. Any monies remaining unexpended in any Special Account after the completion of the Project which are not required to meet unpaid obligations incurred in connection with the construction of the Project shall either be paid into the Bond Fund, or said monies shall be used for the purchase of such of the Bonds as are then outstanding at a price not exceeding the principal amount thereof plus accrued interest. Any Bonds so purchased shall be cancelled and no [fol. 2902] additional Bonds shall be issued in lieu thereof. The monies in the Bond Fund shall be used solely for the purpose of paying interest on and principal of the Bonds.

13. Other Financial Aid from the Government.—If the Borrower shall receive any funds directly or indirectly from the Government or any agency or instrumentality

## COMPLAINANTS' EXHIBIT No. 420.

thereof, other than the Loan or Grant, to aid in financing the construction of the Project, to the extent that such funds are so received the Grant shall be reduced, and to the extent that such funds so received exceed the part of the Grant which would otherwise be made by payment of money, the aggregate principal amount of Bonds to be purchased by the Government shall be reduced.

[fol. 2903]

## Part Two

In Consideration of the Grant, the Borrower Covenants That:

1. Construction Work.—All work on the Project shall be done subject to the rules and regulations adopted by the Administrator to carry out the purposes and control the administration of the Act. The following rules and regulations as set out in Bulletin No. 2, revised on March 3, 1934, entitled, "P. W. A. Requirements as to Bids, Contractor's Bonds, and Contract, Wage, and Labor Provisions and General Instructions as to Applications and Loans and Grants", shall be incorporated verbatim (except that in all places where the term "Borrower" is used the name of the Borrower shall be inserted) in all construction contracts for work on the Project:

"1. (a) Convict Labor.—No convict labor shall be employed on the Project and no materials manufactured or produced by convict labor shall be used on the Project.

"(b) Thirty-hour Week.—Except in executive, administrative, and supervisory positions, so far as practicable and feasible in the judgment of the Government Engineer, no individual directly employed on the Project shall be permitted to work more than eight hours in any one day nor more than thirty hours in any one week: Provided, that this clause shall be construed to permit working time lost because of inclement weather or unavoidable delays in any one week to be made up in the succeeding twenty days.

"(c) No work shall be permitted on Sundays or legal holidays except in cases of emergency.

"2. Wages.—(a) All employees directly employed on this work shall be paid just and reasonable wages which

## COMPLAINANTS' EXHIBIT No. 420.

shall be compensation sufficient to provide, for the hours of labor as limited, a standard of living in decency and comfort. Such wages shall in no event be less than the minimum hourly wage rates for skilled and unskilled labor prescribed by the Administrator for the zone or zones in which the work is to be done, viz.:

[fol. 2904] Skilled labor .....	\$1.00
Unskilled labor .....	.40

“(b) In the event that the prevailing hourly rates prescribed under collective agreements or understandings between organized labor and employers in effect on April 30, 1933, shall be above the minimum rates specified above, such agreed wage rates shall apply: Provided, That such agreed wage rates shall be effective for the period of this contract, but not to exceed twelve months from the date of the contract.

“(c) The above designated minimum rates are not to be used in discriminating against assistants, helpers, apprentices, and serving laborers who work and serve skilled journeymen mechanics and who are not to be termed as “unskilled laborers.”

“(d) The provisions of this contract relating to hours and minimum wage rates for labor directly employed on the Project shall for the purposes of this contract, to the extent applicable, supersede the terms of any code adopted under Title I of the Act permitting longer hours or lower minimum wage rates.

“(e) All employees shall be paid in full not less often than once each week and in lawful money of the United States, unless otherwise permitted by the Government Engineer, in the full amount accrued to each individual at the time of closing of the pay roll, which shall be at the latest date practicable prior to the date of payment, and there shall be no deductions or rebates on account of goods purchased, rent, or other obligations, but such obligations shall be subject to collection only by legal process: Provided, however, that this clause shall not be construed to prohibit the making of deductions for premiums for compensation and medical aid insurance, in such amounts as

## COMPLAINANTS' EXHIBIT No. 420.

are authorized by the laws of the State of Alabama to be paid by employees, in those cases in which, after the making of the deductions, the wage rates will not be lower than the minimum wage rates herein established.

[fol. 2905] "(f) A clearly legible statement of all wage rates to be paid the several classes of labor employed on the work, together with a statement of the deductions therefrom for premiums for workmen's compensation and/or medical aid insurance authorized by the laws of the State of Alabama, should such deductions be made, shall be posted in a prominent and easily accessible place at the site of the work, and there shall be kept a true and accurate record of the hours worked by and the wages, exclusive of all authorized deductions, paid to each employee, and the Engineer Inspector shall be furnished with a sworn statement thereof on demand.

"(g) The Board of Labor Review, (herein called the 'Board') shall hear all labor issues arising under the operation of this contract and such issues as may result from fundamental changes in economic conditions during the life of this contract.

"(h) The minimum wage rates herein established shall be subject to change by the Administrator on recommendation of the Board. In the event that, as a result of fundamental changes in economic conditions, the Administrator, acting on such recommendation, from time to time establishes different minimum wage rates (referred to in Paragraph 2(a), (b) and (c) hereof) all contracts for work on the Project shall be adjusted accordingly by the parties thereto so that the contract price to the contractor under any contract or to any subcontractor under any subcontract shall be increased by an amount equal to any such increased cost, or decreased by an amount equal to any such decreased cost.

"(i) Engineers, architects, and other professional and sub-professional employees engaged on the Project shall receive the prevailing local rates for the various types of service to be rendered, except that in no case shall they receive less than the hourly rates set for the highest paid

## COMPLAINANTS' EXHIBIT No. 420.

[fol. 2906] class of skilled labor directly employed on the Project.

"3. (a) Labor Preferences.—Preferences shall be given, where they are qualified, to ex-service men with dependents, and then in the following order: (1) to citizens of the United States and aliens who have declared their intention of becoming citizens, who are bona fide residents of the City of Sheffield, and/or Colbert County, Alabama, and (2) to citizens of the United States and aliens who have declared their intention of becoming citizens, who are bona fide residents of the State of Alabama: Provided, That these preferences shall apply only where such labor is available and qualified to perform the work to which the employment relates.

"(b) Employment Services.—To the fullest extent possible, labor required for the Project and appropriate to be secured through employment services shall be chosen from the lists of qualified workers submitted by local employment agencies designated by the United States Employment Service: Provided, however, that union labor, skilled and unskilled, shall not be required to register at such local employment agencies but, if such labor is desired by the employer, shall be secured in the customary ways through recognized union locals. In the event, however, that employers who wish to employ union labor are not furnished with qualified union workers by the union locals which are authorized to furnish such labor residing in the locality within 48 hours (Sundays and holidays excluded) after request is filed by the employer, all labor shall be chosen from lists of qualified workers submitted by local agencies designated by the United States Employment Service. In the selection of workers from lists prepared by such employment agencies and union locals, the labor preferences provided in section (a) of this Paragraph 3 shall be observed, and preference shall be given to those unemployed at the date of registration who, at the date of selection have no other available employment.

[fol. 2907] "(c) Compliance with Title I of the Act.—The following section 7 (a) (1) and 7 (a) (2) of Title I of the Act shall be observed:



## COMPLAINANTS' EXHIBIT No. 420.

"(1) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection: (2) that no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing or assisting a labor organization of his own choosing;"

"4. Human Labor.—The maximum of human labor shall be used in lieu of machinery wherever practicable and consistent with sound economic and public advantage; and to the extent that the work may be accomplished at no greater expense by human labor than by the use of machinery, and labor of requisite qualifications is available, such human labor shall be employed.

"5. Compensation Insurance.—Every employer of labor shall provide, if permitted by the laws of the State of Alabama, adequate workmen's compensation insurance for all labor employed by him on the Project who may come within the protection of such laws and shall provide, where practicable, employers' general liability insurance for the benefit of his employees not protected by such compensation laws, and proof of such insurance satisfactory to the Government Engineer shall be given. Where it is not permitted by law that such insurance be provided, some method satisfactory to the Administrator must be provided, by which the employees may, by paying the entire amount of the premium, derive a similar protection.

"6. Persons entitled to benefits of labor provisions.—There shall be extended to every person who performs the work of a laborer or of a mechanic on the Project or on any part thereof the benefits of the labor and wage provisions of this contract, regardless of any contractual relationship between the employer and such laborer or mechanic. There shall be no discrimination in the selection of labor on the ground of race, creed or color.



## COMPLAINANTS' EXHIBIT No. 420.

[fol. 2908] "7. Withholding payment.—Under all construction contracts, the Borrower may withhold from the contractor so much of accrued payments as may be necessary to pay to laborers or mechanics employed on the work, the difference between the rate of wages required by this contract to be paid to laborers or mechanics on the work and the rate of wages actually paid to such laborers or mechanics.

"8. Accident prevention.—Reasonable precaution shall at all times be exercised for the safety of employees on the work and applicable provisions of the Federal, State, and municipal safety laws and building and construction codes shall be observed. All machinery and equipment and other physical hazards shall be guarded in accordance with the safety provisions of the "Manual of Accident Prevention in Construction" of the Associated General Contractors of America, unless and to the extent that such provisions are incompatible with Federal, State or municipal laws or regulations.

"9. (a) N. R. A. materials.—So far as articles, materials and supplies produced in the United States are concerned, only articles, materials and supplies produced under codes of fair competition under Title I of the Act, or under the President's Reemployment Agreement, shall be used in the performance of this work, except when the Government Engineer certifies that this requirement is not in the public interest or that the consequent cost is unreasonable.

"(b) Local preference.—So far as practicable, and subject to the provisions of section (a) of this Paragraph 9, preference shall also be given to the use of locally produced materials if such does not involve higher cost, inferior quality, or insufficient quantities, subject to the determination of the Government Engineer; but there shall be no requirement providing price differentials for, or restricting the use of materials to, those produced within the Nation or State.

"10. (a) Inspection of records.—The Administrator, through his authorized agents, shall have the right to inspect [fol. 2909] all work as it progresses, and shall have access to all pay rolls, records of personnel, invoices of materials,

## COMPLAINANTS' EXHIBIT No. 420.

and any and all other data relevant to the performance of this contract. There shall be submitted to the Administrator, through his authorized agents, the names and addresses of all personnel, and such schedules of the costs of labor, costs and quantities of materials, and other items, supported as to correctness by such evidence, as, and in such form as, the Administrator, through his authorized agents, may require. The submission and approval of said schedules, if required, shall be a condition precedent to the making of any payment under the contract.

“(b) There shall be provided for the use of the Engineer Inspector such reasonable facilities as he may request. In case of dispute the Government Engineer shall determine the reasonableness of the request.

“11. Reports.—Every employer of labor on the Project shall report within five days after the close of each calendar month, on forms to be furnished by the United States Department of Labor, the number of persons on their respective pay rolls directly connected with the Project, the aggregate amounts of such pay rolls, and the man-hours worked, wage scales paid to the various classes of labor, and the total expenditures for materials. Two copies of each of such monthly reports are to be furnished to the Government Engineer, and one copy of each to the United States Department of Labor. The contractor under any construction contract shall also furnish to the Borrower, to the Government Engineer, and to the United States Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.

“12. There shall be provided all necessary services and all materials, tools, implements and appliances required to perform and complete entirely and in a workmanlike manner the work provided for in this contract. Except as otherwise approved in writing by the Government Engineer, such services shall be paid for in full at least once a month and such materials, tools, implements and appliances shall [fol. 2910] be paid for at least once a month to the extent of 90% of the cost thereof to the contractor, and the remaining 10% shall be paid thirty days after the completion of the part of the work in or on which such materials, tools, implements or appliances are incorporated or used.

## COMPLAINANTS' EXHIBIT No. 420.

"13. Signs.—Signs bearing the legend "Public Works Project No. 3124" shall be erected in appropriate places at the site of the Project. .

"14. All reasonable rules and regulations which the Administrator may prescribe toward the effectuation of the matters covered by Paragraphs 1 to 13 inclusive, shall be observed in the performance of the work.

"15. Subcontractors.—(a) Appropriate provisions shall be inserted in all subcontracts relating to this work to insure the fulfillment of all provisions of this contract affecting such contractors, particularly Paragraphs 1 to 14 inclusive.

"(b) No bid shall be received from any subcontractor who has not signed U. S. Government Form No. P. W. A. 61, revised March—1934.

"16. Termination for breach.—In the event that any of the provisions of Paragraphs 1 to 15 inclusive of this contract are violated by the contractor under the construction contract or by any subcontractor under any subcontract on the work, the Borrower may, subject to the approval of the Government Engineer, and upon request of the Administrator shall, terminate the contract by serving written notice upon the contractor of its intention to terminate such contract, and, unless within ten days after the serving of such notice, such violation shall cease, the contract shall, upon the expiration of said ten days, cease and terminate. In the event of any such termination the Borrower may take over the work and prosecute the same to completion or otherwise for the account and at the expense of the contractor and/or subcontractor, and the contractor and his sureties shall be liable to the Borrower for any excess cost occasioned the Borrower in the event of any such termination, and the Borrower may take possession of and utilize [fol. 2911] in completing the work, such materials, appliances, and plant as may be on the site of the work, and necessary therefor. This clause shall not be construed to prevent the termination for other causes provided in the construction contract.

"17. Definition.—The term "Administrator" as used herein refers to the Federal Emergency Administrator of Public Works. The term "Act" as used herein refers to

## COMPLAINANTS' EXHIBIT No. 420.

the National Industrial Recovery Act. The term "Government Engineer" as used herein shall mean the State Engineer (P. W. A.) or his duly authorized representative, or any person designated to perform his duties or functions under this Agreement by the Administrator. The term "Engineer Inspector" as used refers to State Engineer Inspector, Resident and Assistant Resident Engineer Inspectors, and Supervising Engineers, appointed by the Administrator. The term "Materials" as used herein includes, in addition to materials incorporated in the Project or used or to be used in the operation thereof, equipment and other materials used and/or consumed in the performance of the work.

2. Restriction as to Contractors.—The Borrower shall receive no bid from any contractor, nor permit any contractor to receive any bid from any subcontractor, who has not signed U. S. Government Form No. P. W. A. 61, revised March, 1934.

3. Bonds and Insurance.—Construction contracts shall be supported by adequate surety or other bonds or security satisfactory to the Administrator for the protection of the Borrower, of Materialmen, and of labor employed on the Project or any part thereof. The contractor under any construction contract shall be required to provide public liability insurance in an amount satisfactory to the Government Engineer.

4. Force Labor.—If prices in the bids are excessive, the Borrower reserves the right, anything in this Agreement notwithstanding, to apply to the Administrator for permission to do all or any part of the Project by day labor, upon such conditions as the Administrator may impose.

[fol. 2912]

## Part Three

1. Construction of Project.—Not later than upon the receipt by it of the first Bond payment, the Borrower will promptly commence or cause to be commenced the construction of the Project, and the Borrower will thereafter continue such construction or cause it to be continued to completion with all practicable dispatch, in an efficient and economical manner, at a reasonable cost and in accordance

## COMPLAINANTS' EXHIBIT No. 420.

with the provisions of this Agreement, such engineering supervision and inspection as the Administrator or his representatives may require, and plans, drawings, specifications and construction contracts which shall be satisfactory to the Administrator. Except with the prior written consent of the Administrator, no materials or equipment for the Project shall be purchased by the Borrower subject to any chattel mortgage or any conditional sale or title retention agreement.

2. Information.—During the construction of the Project the Borrower will furnish to the Government all such information and data as the Administrator may request as to the construction cost and progress of the work. The Borrower will furnish to the Government and to any purchaser from the Government of 25 per centum of the Bonds, such financial statements and other information and data relating to the Borrower and the project as the Administrator or any such purchaser may at any time reasonably require.

3. Representations and Warranties.—The Borrower represents and warrants as follows:

(a) Litigation.—No litigation or other proceedings are now pending or threatened which might adversely affect the Bonds, the construction and operation of the Project, or the financial condition of the Borrower;

(b) Financial Condition.—The character of the assets and the financial condition of the Borrower are as favorable as at the date of the Borrower's most recent financial statement, furnished to the Government as a part of the Application, and there have been no changes in the character of [fol. 2913] its assets or in its financial condition except such changes as are necessary and incidental to the ordinary and usual conduct of the Borrower's affairs;

(c) Fees and Commissions.—No fee or commission has been or will be paid by the Borrower or any of its officers, employees, agents or representatives, and no agreement to pay a fee or commission has been or will be entered into by or on behalf of the Borrower, or any of its officers, employees, agents or representatives, in order to secure the loan or Grant hereunder;



## COMPLAINANTS' EXHIBIT No. 420.

(d) Affirmation. — Every statement contained in this Agreement, in the Borrower's Application, and in any supplement thereto or amendment thereof, and in any other document submitted to the Government by or on behalf of the Borrower is correct and complete, and no relevant fact materially affecting the Bonds, the Grant or the Project, or the obligations of the Borrower under this Agreement has been or will be omitted therefrom.

4. Sale of Bonds by the Government.—The Borrower will take all such steps as the Government may reasonably request to aid in the sale by the Government of any or all of the Bonds. Upon request, the Borrower will furnish to the Government or to any purchaser from the Government of 25 per centum of the Bonds, information for the preparation of a bond circular in customary form, signed by the proper official of the Borrower, containing such data as the Government or such purchaser may reasonably request concerning the Borrower and the Project.

5. Expenses.—The Government shall be under no obligation to pay any costs, charges and expenses incident to compliance with any of the duties or obligations of the Borrower under this Agreement, including, without limiting the generality of the foregoing, the cost of preparing, executing or delivering the Bonds or obtaining all legal opinions requested by the Administrator.

6. Waiver.—Any provision of this Agreement may be waived or amended with the consent of the Borrower and the written approval of the Administrator, without the execution of a new or supplemental agreement, if, in the opinion of the Administrator, which shall be conclusive, such waiver or amendment does not substantially vary the terms of this Agreement.

[fol. 2914] 7. Interest of Member of Congress.—No member of or Delegate to the Congress of the United States of America shall be admitted to any share or part of this Agreement, or to any benefit to arise therefrom.

8. Validation.—The Borrower hereby covenants that it will institute, prosecute and carry to completion in so far as it may be within the power of the Borrower, any and all



## COMPLAINANTS' EXHIBIT No. 420.

acts and things to be performed or done to secure the enactment of legislation or to accomplish such other proceedings, judicial or otherwise, as may be necessary, appropriate or advisable to empower the Borrower to issue the Bonds and to remedy any defects, illegalities and irregularities in the proceedings of the Borrower relative to the issuance of the Bonds and to validate the same after the issuance thereof to the Government, if in the judgment of the Administrator such action may be deemed necessary, appropriate or advisable. The Borrower further covenants that it will procure and furnish to the Government, as a condition precedent to the Government's obligations hereunder, a letter from the Governor of the State of Alabama stating that if in the judgment of the Administrator it may be advisable to enact legislation to empower the Borrower to issue the Bonds or to remedy any defects, illegalities or irregularities in the proceedings of the Borrower relative to the issuance thereof or to validate the same, said Governor will recommend and cooperate in the enactment of such legislation.

9. Miscellaneous.—Subject to the limitations herein contained, this Agreement shall be binding upon the parties hereto when a copy thereof, duly executed by the Borrower and the Government, shall have been received by the Borrower. This Agreement shall be governed by and construed in accordance with the laws of the State of Alabama.

10. Naming of Project.—The Project shall not be named except with the written consent of the Administrator.

11. Undue Delay by the Borrower.—If in the opinion of the Administrator, which shall be conclusive, the Borrower shall delay for an unreasonable time in carrying out any of the duties of the obligations to be performed by it under the terms of this Agreement, the Administrator may cancel this Agreement.

[fol. 2915] 12. Nature of Liability.—It is expressly understood and agreed that this Agreement does not constitute an indebtedness of the Borrower within the meaning of any provision or limitation of the Constitution of the State of Alabama, and it is hereby made a condition of this Agreement that the covenants, agreements, representations, and

## COMPLAINANTS' EXHIBIT No. 420.

warranties herein contained do not and shall never impose a pecuniary liability upon the Borrower or charge against its general credit.

13. Construction of Agreement.—If any provision of this Agreement shall be invalid in whole or in part, to the extent it is not invalid it shall be valid and effective and no such invalidity shall affect, in whole or in part, the validity and effectiveness of any other provision of this Agreement or the right or obligations of the parties hereto, provided, in the opinion of the Administrator, the Agreement does not then violate the terms of the Act.

In Witness Whereof, the City of Sheffield, Alabama, and the United States of America have respectively caused this Agreement to be duly executed as of the day and year first above written.

City of Sheffield, Alabama, by ———. United States of America, by ———, Federal Emergency Administrator of Public Works. (Seal.)

Attest: ———.

## [fol. 2916] COMPLAINANTS' EXHIBIT No. 421

Application by the City of Tuscumbia, Alabama, to the Federal Emergency Administration of Public Works for a loan and grant in the amount of \$127,244 for the construction of an Electric distribution system.

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 419.

## COMPLAINANTS' EXHIBIT No. 422

Loan and Grant Agreement in the amount of \$130,000 between the City of Tuscumbia, Alabama, and United States of America for the construction of electric transmission lines and distribution system.

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 420.

[fol. 2917] COMPLAINANTS' EXHIBIT No. 423

Application of Courtland, Alabama, for Loan of \$29,255. to  
Construct Electric Distribution System

#### IV. The Project

. . . . .

"c. Economic and Social value.—The Town of Courtland has been burdened with high rates on electric current since the installation of the present system. Because of these high rates only a few of the more fortunate citizens have been financially able to enjoy the full benefit of having power for purposes other than for lighting their homes.

With the installation of a municipally owned distribution system and cheap power from the lines of the Tennessee Valley Authority it is reasonable to suppose that a majority of the people not now financially able to avail themselves of the full facilities of power in the home will become users of electric ranges, water heaters, electric refrigeration and better lighting in their homes.

We feel, therefore, that the contemplated project is meritorious and of great economic and social value to the inhabitants of Courtland.

Courtland now has on file with the PWA an application for funds with which to construct a complete waterworks, fire protection and sewage disposal system.

d. Relation to general plan.—The project is a part of a plan for municipal ownership of the major utilities in the Town of Courtland.

. . . . .

i. Competition.—The project, when completed, will not compete directly or indirectly with any similar enterprise for, though the Town is now being served by the Alabama Power Company, they, the Power Company, have no franchise and if the project is approved, will have no standing in the community.

. . . . .

k. Number of men employed.—It is estimated that an average of twenty men will be employed directly on the work for a period of three months, and that employment

## COMPLAINANTS' EXHIBIT No. 423

will be given indirectly to about thirty men, for the same period, for the manufacture of equipment and materials.

. . . . .

[fol. 2918] r. Unemployment in district involved.—This information is not available at this time but will be supplied later if desired.

. . . . .

## V. Revenue and Expense

. . . . .

e. Schedule of rates.—Rates will be established by the Town Council upon advice from the Tennessee Valley Authority after the system is installed. Rates used in this application have been assumed from rate table published as applying to the City of Tupelo, Mississippi."

. . . . .

(For brevity other portions of this exhibit are omitted.)

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## [fol. 2919] COMPLAINANTS' EXHIBIT No. 424

Loan and Grant contract in the amount of \$16,000 between Federal Emergency Administration of Public Works and the Town of Courtland, Alabama, with which to construct an electric distribution system.

(Omitted)

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## COMPLAINANTS' EXHIBIT No. 425

PWA Form 210, dated July 1, 1936, and entitled "Terms and Conditions".

(Omitted)

[fol. 2920] COMPLAINANTS' EXHIBIT No. 426

December 15, 1933.

Application of Decatur, Alabama, for Loan of \$285,000.00  
to Construct a Municipal Electric Light and Power Dis-  
tribution System

#### IV. The Project

• • • • •

(c) Economic and Social Value.—The present electric light and power distribution system is being operated by public utility. The construction of a municipal system would be of great economic and social value to the inhabitants of the community.

In the first place, the construction would put many unemployed men to work.

In the second place, the distribution of cheap power from the Tennessee Valley Authority will cause a large increase in the use of power in the homes and by industry. The larger use of power in the homes will tend to reduce drudgery, increase conveniences and make for a happier home life.

The larger use of power by industry will tend to increase pay rolls, which in turn will increase the demand for business and professional service.

The successful application of the cheap TVA power will tend to reduce electric light and power rates in other communities.

(d) Relation to General Plan.—The project is in line with the National Plan to promote the happiness and prosperity of the people by making available cheap electric power.

(e) City or Regional Planning Board.—There is no city Planning Board. Decatur is in the Tennessee Valley and is within the area to be served by the Tennessee Valley Authority. The Authority has indicated willingness to supply power if the City can secure the funds with which to construct the distribution system.

• • • • •

## COMPLAINANTS' EXHIBIT No. 426

[fol. 2921] (i) Competition.—The project will compete with a similar enterprise of Alabama Power Company, unless its distribution system should be taken over.

. . . . .

(k) Number of Men Employed.—It is estimated that an average of 100 men will be employed directly on the work for a period of eight (8) months and that employment will be given to about 300 men for the same period, for the manufacture of equipment and material.

. . . . .

(n) Regenerative Character.—It is expected that the application of cheap TVA electric power rates will cause the purchase and use of electrical appliances for household use, which will stimulate the manufacture and sale of such articles. The low TVA rates will tend to bring in new industries. This of course will call for the employment of both skilled and unskilled labor in construction of plants and housing for employes.

. . . . .

## V. Revenue and Expense

. . . . .

(d) Discussion of Estimated Revenue and Expense.—The financial table indicates a reasonable margin of surplus during the life of the loan. The increases in the revenue shown are in line with the expected development of the area as the Community gets to using TVA cheap power.

(e) Schedule of Rates.—The following are the rates to be charged. These rates may be changed by the Municipality with the approval of Tennessee Valley Authority, provided no rate shall be higher than the rate for similar service authorized by Alabama Public Service Commission for public utility.

TVA Rates are attached.

. . . . .



## COMPLAINANTS' EXHIBIT No. 426

## Details of Energy Cost

The amount of 38,058 for power at wholesale from Tennessee Valley Authority on the application of Decatur, Alabama, is for energy to be purchased at their regular quoted schedule, as follows:

1,810 kw. demand at .90	\$1,629.00
100,000 kwh. energy at .004	400.00
200,000 " " at .033	600.00
217,000 " " at .0025	542.50
<hr/>	
517,000 Total per month	\$ 3,171.50
Total per year	38,058.00

We are advised by the Tennessee Valley Authority that transmission lines will be run into the City and the main part of the substation supplied by the TVA, including the step down transformers at no cost to the city. They propose to furnish the current and meter on the low side of [fol. 2922] the main transformers at a distribution voltage of approximately 2300 volts.

It seems very desirable that the distribution system be constructed at once for several reasons:

1. To put men to work.
2. To cooperate with Tennessee Valley Authority in making available cheap power rates to the residents of the community.
3. Because loans and grants are available from the Federal Emergency Administration of Public Works on liberal terms.

(For brevity other portions of this exhibit are omitted.)

## [fol. 2923] COMPLAINANTS' EXHIBIT No. 427

Loan and Grant agreement dated December 6, 1934, in the amount of \$350,000 between Federal Emergency Administration of Public Works and the City of Decatur, Alabama, for constructing an electric distribution system.

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 420.

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## [fol. 2924] COMPLAINANTS' EXHIBIT No. 428 (Excluded)

Tennessee Valley Authority,  
Knoxville, Tennessee

April 6, 1934.

Captain R. H. Elliot, Director of Public Works Administration, Washington, D. C.

MY DEAR CAPTAIN ELLIOT:

Your inquiry addressed to Miss Marguerite Owen, our Washington representative, pertaining to the application of the town of Decatur, Alabama, for a PWA loan for the construction of an electrical distribution system, has been transmitted to the Electric Division for reply.

On March 14th a contract was entered into between the Tennessee Valley Authority and the town of Decatur, Alabama, to furnish that municipality with TVA power. This contract is dependent upon the ability of Decatur, Alabama, to construct or acquire a distribution system.

By reason of a contract entered into with the Commonwealth & Southern Corporation and its subsidiary, the Alabama Power Company, for the purchase of certain transmission facilities, the Tennessee Valley Authority is in position to furnish electric current for all of the requirements of Decatur, Alabama, just as soon as the town of Decatur has provided its own distribution system.

It is our understanding that the town of Decatur, Alabama, has made every reasonable effort to purchase the electric distribution system now owned and operated in the town of Decatur by the Alabama Power Company, at a fair price commensurate with the cost of construction of a new distribution system.

## COMPLAINANTS' EXHIBIT No. 428 (Excluded)

While it is true the serving of Decatur, Alabama, with TVA power does not involve any additional expenditure by the TVA for labor and materials the construction of a distribution system, which now seems to be the only way in which Decatur, Alabama, can give its citizens the benefit of the low TVA rates, would require the expenditure, by the town of Decatur, Alabama, of \$285,000.00 for labor and materials.

The citizens of Decatur, Alabama, have clearly manifested their interest in obtaining the benefits of the [fol. 2925] low rates possible under Decatur's contract with the Tennessee Valley Authority. They feel that these low rates will not only enable them to afford a greater use of the service of electric energy, but would contribute materially to the commercial and industrial development of their community.

In view of the probability of other Alabama cities and towns benefiting from the low TVA rates, leading citizens of Decatur have expressed the firm conviction that TVA power is a public necessity to their community if they are to keep pace industrially, commercially and socially with their neighboring cities and towns.

The President, and the creators of the Tennessee Valley Authority Act of 1933 in the Congress, have indicated their desire that the Tennessee Valley Authority set up a "yardstick" in the Tennessee Valley as a measurement of utility operation. In order that this "yardstick" may be a reality, it is necessary that various cities and towns in the Tennessee Valley desiring to do so, may provide their own distribution systems, and thereby have a part in the establishment and operation of this "yardstick" of electric energy values. By reason of the high standing of Decatur among municipalities in the Valley area in point of industrial, commercial and civic development, the Tennessee Valley Authority regards the serving of Decatur, Alabama, as particularly desirable in its development of the electric utility "yardstick."

If there is any additional information we can furnish you, please feel free to call on us.

Yours sincerely, David E. Lilienthal, Director and  
General Counsel.

[fol. 2926] COMPLAINANTS' EXHIBIT No. 429 (Excluded)

April 10, 1934.

Mr. David E. Lilienthal, Director and General Counsel, Tennessee Valley Authority, Knoxville, Tennessee.

DEAR MR. LILIENTHAL:

This will acknowledge your letter of April 6, regarding the application of the Town of Decatur, Alabama, Docket No. 6587.

Copies of your letter are being filed with the dockets for the information of our examiners.

Sincerely yours, R. H. Elliott, for the Administrator.

[fol. 2927] COMPLAINANTS' EXHIBIT No. 430

December 20, 1933.

Application of Hartselle, Alabama, for Loan and Grant of \$95,500 to Construct an Electrical Distribution System

• • • • •

#### IV. Project:

##### a. General Description:

The project under contemplation will consist of a complete and new electric light and power distribution system for a city of about 2500 population. It is proposed that the distribution system be energized from a transformer sub-station located near the center of the city, which sub-station will be furnished by the Tennessee Valley 90020 Feb. 9 '34 and supplied by them with energy from Muscle Shoals and Wheeler Dam.

The distribution system is intended to practically duplicate and supplant a public utility distribution system. The City has secured ten year contracts from practically all the consumers now in the city, which contracts read as follows:

##### "Contingent Power Contract"

"For and in consideration of One (\$1.00) Dollar in hand paid by J. P. Hodges, Mayor of the City of Hartselle, Ala-

## COMPLAINANTS' EXHIBIT No. 430

bama, on behalf of said City, the receipt whereof is hereby acknowledged, and in further consideration of the opportunity to secure lower electric rates for myself, and of the benefits that will accrue to me as a citizen of or business man of said City by reason of the net revenue which should be earned by the City from the municipal operation of its own electrical distribution system, it is hereby agreed as follows:

1. That when, and if, the City of Hartselle, Ala. has electrical energy of the required voltage and phase available for sale at the premises of the undersigned, the City will supply, and the undersigned, so long as he is a purchaser of electrical energy in the territory served by the City's municipal distribution system, will purchase his entire requirements of electrical energy from the City for a period of ten (10) years beginning as soon as the service is available, but not later than January 1, 1935.

2. It is further agreed that the rates for electricity to be charged by the City and to be paid by the consumer shall be those prescribed by the Tennessee Valley Authority, and that such rates shall be lower than the present public utility rates paid by the undersigned."

The estimates of cost and of earnings are based upon the signed customers. Some of these customers are at present disconnected. Inasmuch, however, as this loan is for a long [fol. 2928] period, these customers will be connected to the system when normal business resumes, and especially when cheap power is offered. It is proposed to construct a new system complete without removing the old system.

It is also proposed to construct a central distributing sub-station near the center of the city, which sub-station will be equipped with transformers furnished by the TVA. Power will be supplied the municipality of 2300 volts, 3 phase, 60 cycle. Power would be supplied by the city to most of the industries at 2300 volts, thus requiring no transformation.

• • • • •

The cost estimates are based upon the number of consumers signed up and upon their classification. The loads of the industrial consumers were ascertained by inspectors.

## COMPLAINANTS' EXHIBIT No. 430

The consumption of the domestic and commercial consumers is predicated upon a return to normal business conditions and upon the normal stimulation of consumption by the low promotional rates to be put into effect by the TVA.

. . . . .

c. The lower rates resulting from this project will stimulate the industrial and commercial development of the city, and with the use of household electrical appliances the drudgery of house-keeping will be greatly relieved, thus improving home life for the residents.

## Long Range Development:

d. The project is a part of the program of the Tennessee Valley Authority of establishing better living and social conditions in the regions within transmission distance of the Muscle Shoals power development.

e. The city has no regional planning board.

f. The city is an isolated town about 11 miles South of Decatur, Ala., and is a part of the TVA project.

. . . . .

i. The project will not be competitive since practically all of the consumers are signed up for a ten (10) year period.

. . . . .

Much of the present industrial load is seasonal, which will have the effect of increasing the kw. demand and decreasing the load factor of the City's purchased power. The TVA power demand rates to municipalities, however, provide for this contingency so that the annual weighted demand will not be greatly increased.

. . . . .

(For brevity other portions of this exhibit are omitted.)



## COMPLAINANTS' EXHIBIT No. 432

Loan and Grant contract dated December 4, 1935, in the amount of \$60,000, between Federal Emergency Administration of Public Works and the City of Hartselle, Alabama, for constructing an electric distribution system.

(Omitted)

## [fol. 2930] COMPLAINANTS' EXHIBIT No. 433

Application of Muscle Shoals, Alabama, for Loan of \$150,000.00 to Construct Waterworks and Electrification Systems

## I. General

This application has been prepared and the data is presented in accordance with Circular No. 2. of the Federal Emergency Administration of Public Works. If additional data is needed it will be promptly furnished by the correspondent upon request.

• • • • •

## III.

## Loan requested:

For Electric Lights .....	\$ 33,000.00
For Water Works .....	117,000.00
Total .....	<u>\$150,000.00</u>

## a. Amount:

• • • • •

## IV. The Project

• • • • •

## c. Economic and Social Value:

Muscle Shoals is without adequate Water and Electrical facilities at this time. The Town being the logical location for the housing of employees of the Nitrate Plants and adjacent to the TVA development is sure to grow rapidly in the next few years. It is absolutely necessary for the community to

## COMPLAINANTS' EXHIBIT No. 433

have these conveniences to make living conditions bearable. In addition to providing for the future the work at this time will provide a source of income for many needy native families. We do not believe that the economic and social value can be questioned.

## i. Competition:

The project will not compete directly or indirectly with any general similar enterprise.

## k. Number of men employed:

It is estimated that an average of 65 men will be employed directly on the work for a period of 8 months and that employment will be given indirectly to about 140 men, for the same period, for the manufacturing of equipment.

## V. Revenue and Expense

## Light and Power Rates

To be agreed upon between TVA authorities and the Town with a minimum of \$2.00.

(For brevity other portions of this exhibit are omitted.)

[fol. 2931] COMPLAINANTS' EXHIBIT No. 434

(Omitted)

## COMPLAINANTS' EXHIBIT No. 435

Loan and Grant contract dated February 29, 1936, in the amount of \$32,727, between Federal Emergency Administration of Public Works and the City of Muscle Shoals, Alabama, for constructing an electric distribution system.

(Omitted)

## COMPLAINANTS' EXHIBIT No. 436

Application of Russellville, Alabama, to Federal Emergency Administration of Public Works for a loan and grant

## COMPLAINANTS' EXHIBIT No. 436

in the amount of \$148,000 to construct an electric distribution system.

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 430.

[fol. 2932] COMPLAINANTS' EXHIBIT No. 437

(Omitted)

## COMPLAINANTS' EXHIBIT No. 438

Loan and Grant contract dated December 4, 1935, in the amount of \$125,454, between Federal Emergency Administration of Public Works and the City of Russellville, Alabama, for constructing an electric distribution system.

(Omitted)

## COMPLAINANTS' EXHIBIT No. 439

Application of Guntersville, Alabama, dated December 20, 1933, to Federal Emergency Administration of Public Works for a loan and grant in the amount of \$100,000 to construct an electric distribution system.

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 430 except that appended thereto are copies of correspondence as follows:

Lide & Adler,  
Consulting and Constructing Engineers,  
Woodward Building,  
Birmingham, Alabama.

February 19th, 1934.

(In blue pencil 2-21-34)

Copy 7341

Mr. George J. Davis, Jr., State Engineer, P. W. A., Montgomery, Alabama.

Re: Guntersville, Elec. Dist. System Eng. Ref. No. 171.

DEAR MR. DAVIS:

With further reference to the above application, you will [fol. 2933] please note that in the tabulation of income and

## COMPLAINANTS' EXHIBIT No. 439

interest and principal payments set forth in our letter of January 10, 1934, in response to your request of December 29, 1933, for additional information, the Grant applied to the interest and principal payments for three years.

We inclosed herewith copy of letter from Mr. V. D. L. Robinson, Administrative Assistant, Tennessee Valley Authority, Knoxville, Tennessee, to Senator Bankhead, from which you will note it is Mr. Robinson's judgment that within two years Norris Dam will be completed, the contract with the Commonwealth and Southern Corporation to stay out of the Guntersville territory will have expired and that the TVA will therefore be in a position to serve the City of Guntersville. We would therefore ask that you pass on the Guntersville application on the assumption that power will be available from the TVA within less than three years from the date of the approval of the loan, and that meanwhile the interest and principal charges will be taken care of by the grant.

We, therefore, see no reason why this should not reinstate Guntersville's application for favorable consideration, and we respectfully request that you give it this consideration and forward same to Washington.

Yours very truly, Lide & Adler, (Signed) Martin J. Lide.

MJL/T.

cc: Mr. Claud D. Scruggs, Attorney-at-Law, Guntersville, Ala.

Tennessee Valley Authority,  
Knoxville, Tennessee,

Feb. 8, 1934.

(In pencil Encl. 2-19-34.) (2-21-34.)

Hon. J. H. Bankhead, Senate Office Building, Washington,  
D. C.

MY DEAR SENATOR BANKHEAD:

Your letter of January 30 addressed to the Board of Directors of the Tennessee Valley Authority has been referred to this office for attention and reply.

Application for power by the cities of Oneonta, Hartselle, Tarrant City, Bessemer, Russellville, Guntersville, and

## COMPLAINANTS' EXHIBIT No. 439

Cullman, Alabama, have been under consideration for some time and we are all very anxious to do every thing possible to serve these cities. As you will recall, a contract was made by the Tennessee Valley Authority with the Commonwealth and Southern Corporation and its subsidiaries, the Georgia, Alabama, Mississippi and Tennessee Electric Power Companies, whereby we take over certain sections in your State, Mississippi and Tennessee, including certain transmission [fol. 2934] facilities, and in the case of Mississippi several local distribution systems. This contract was made with the view of providing a market for the electric energy produced at Wilson Dam pending the completion of Norris Dam, when our present contract with the Commonwealth and Southern terminates. At the present rate of progress on the construction of Norris Dam, it is quite possible that the dam will be completed within two years.

From present indications, it appears that we will have the desired market for Wilson Dam power in that part of your State in close proximity to Muscle Shoals and in Northeast Mississippi and adjacent to the transmission line between Norris and Wilson dams in Tennessee. We did not include Bessemer and other points in the immediate Birmingham Territory in the present contract, realizing that we would be in better position to serve communities, if this service is desired, after Norris Dam is completed. We will be in position to serve some of those places you have mentioned, particularly Hartselle and Russellville, at the present time, as Hartselle and Russellville are in the territory to be acquired from the Alabama Power Company. There is nothing in the contract with the Commonwealth and Southern which would preclude full consideration of serving many other cities in Alabama after Norris Dam is in production, or in serving any of those points now, providing a transmission line is constructed by the municipalities to connect with our present lines or any of those which we will take over from the Alabama Power Company.

In order that you may have a copy of our contract with the Commonwealth and Southern immediately available for reference purposes, I am enclosing another copy herewith.

If there is any additional information you or any of your constituents desire, we will endeavor to give you such information promptly. In the meantime, Mr. Llewellyn Evans.

## COMPLAINANTS' EXHIBIT No. 439

our Chief Electrical Engineer, and his staff are continuing their study of each situation of Alabama municipalities which have made application for TVA power to ascertain just how, if possible, we may be able to serve them even prior to the completion of Norris Dam.

Yours very truly, Tennessee Valley Authority,  
(Signed) by V. D. L. Robinson, Administrative Assistant.

(For brevity other portions of this exhibit are omitted.)

## [fol. 2935] COMPLAINANTS' EXHIBIT No. 440

(Omitted)

## COMPLAINANTS' EXHIBIT No. 441

Loan and Grant contract dated December 4, 1935, between Federal Emergency Administration of Public Works and the City of Guntersville, Alabama, in the amount of \$87,272, for constructing an electric distribution system.

(Omitted)

## COMPLAINANTS' EXHIBIT No. 442

Application and revised application of Tarrant City, Alabama, dated December 20, 1933, to Federal Emergency Administration of Public Works for a loan and grant in the amount of \$184,400 to construct an electric distribution system.

To avoid repetition, the original application comprising the first part of this exhibit is not set out herein at length. It is substantially the same as Complainants' Exhibit No. 430:

P. W. A. Docket No. 7512—Revised Application of Tarrant City, Alabama, for a loan from the Federal Emergency Administration of Public Works to construct an electrical distribution system:



## COMPLAINANTS' EXHIBIT No. 442

Lide & Adler,  
Engineers  
Birmingham, Alabama

[fol. 2936]

Birmingham, Alabama,  
August 14, 1935.

Re Docket 7512—Tarrant City, Alabama, Electric Distribu-  
tion System

Mr. H. S. Geismer, Acting State Director, PWA, Mont-  
gomery, Alabama.

DEAR SIR:

On July 13, 1935, Mr. Roy Ingram, Mayor, Tarrant City, received a joint letter from Senators Black and Bankhead dated July 12, 1935, in which they advised the Mayor that the revised application of his city for a loan and grant to construct a steam power plant with which to serve both his city and the City of Bessemer, will not be approved. They advised the Mayor, however, that if he could secure another source of power the application for the loan and grant would probably be approved. The City of Tarrant City therefor desires to amend its application for the second time to provide for a change in the source of power.

Please refer to the following previous correspondence?

a. The original application of the City of Tarrant City, Alabama, filed in December, 1933, original engineering reference No. 173, for a loan and grant of \$184,400 for an electrical distribution system.

b. Our letter of January 4, 1934, addressed to Mr. Geo. J. Davis, Jr., State Engineer, O. W. A., Montgomery, Alabama, in response to his letter of January 11, 1934.

It is now desired to amend Docket 7512 for the second time to provide for the purchase of power from the City of Bessemer, Docket 7677, by the City of Tarrant City at TVA wholesale rates, at a sub-station to be located about three miles beyond the city limits of Tarrant City.

## COMPLAINANTS' EXHIBIT No. 442

In the revised application of the City of Bessemer it is now proposed that the City of Bessemer shall construct a 22,500 kva. 132/22 kv. sub-station about three miles from Tarrant City, and that it shall also build a double circuit 132 kv. transmission line to the southern border of Morgan County, at which point the transmission line and sub-station will be supplied with power by the TVA.

The applicant also desires to amend Docket 7512 for the construction of a double circuit 22 kv. feeder approximately three miles long from the main sub-station to a city distribution sub-station located in or near the city; to construct a distribution system to supply domestic and commercial consumers within and near the city limits; and to supply industrial consumers both in and without the city limits; power to be sold to customers by the City of Tarrant City at TVA resale rates.

[fol. 2937] Print BA-O-1 incorporated herewith indicates the general plan of transmission and distribution, while print BA-O-2 incorporated herewith shows an enlarged scale plan of the transmission system limited to the Birmingham district.

Section 7 of the contract dated January 5, 1934, between the TVA and the Power Companies provided that during the period prior to the completion of Norris Dam, the Authority will not sell energy Outside of Said Counties (including Morgan County) to municipalities now served by the Power Company. The inclusion of the limitation Outside of Said Counties thus provides that the Authority may sell power to municipalities such as Bessemer at any point within Morgan County. It is therefore proposed in revising the applications of Tarrant City, Docket 7512, and Bessemer, Docket 7677, to provide for the construction of a double circuit, 132 kv., three phase transmission line from the southern border of Morgan County to a step-down transformer sub-station located in the outskirts of Tarrant City, and for the distribution of power at three phase, 22 kv. from this sub-station to Tarrant City and Bessemer. It is proposed that Bessemer shall own and operate both the transmission line and the sub-station, and shall sell three phase, 22 kv. power to Tarrant City at TVA wholesale rates.

## COMPLAINANTS' EXHIBIT No. 442

It is also proposed to re-setup both applications on the basis of a 45% grant to the cities.

. . . . .

The city of Tarrant City, as stated in previous communications, already has in its possession signed contingent power contracts with approximately 97% of the present small consumers in the city.

. . . . .

(For brevity other portions of this exhibit are omitted.)

[fol. 2938] COMPLAINANTS' EXHIBIT No. 443

Loan and Grant contract dated December 11, 1935, in the amount of \$329,091, between Federal Emergency Administration of Public Works and Tarrant City, Alabama:

Federal Emergency Administration of Public Works  
Washington, D. C.  
December 11, 1935.

PWA Docket No. 7512

City of Tarrant City, Jefferson County, Alabama.

1. The United States of America (herein called the "Government") hereby offers to aid in financing the construction of a transmission line from a sub-station to be constructed by the City of Bessemer and a complete distribution system (herein called the "Project") by making a loan and grant to the City of Tarrant City, Alabama (herein called the "Applicant") in an amount not exceeding in the aggregate the sum of \$329,091.
2. The Government will purchase, at the principal amount thereof plus accrued interest, from the Applicant, obligations of the description set forth below (or such other description as shall be mutually satisfactory) in the aggregate principal amount of \$181,000 less such amount of such

## COMPLAINANTS' EXHIBIT No. 443

obligations, if any, as the Applicant may sell to purchasers other than the Government:

(a) Obligor: City of Tarrant City;

3. The Government will make the grant in an amount equal to forty-five percent (45%) of the cost of the Project upon completion, but not to exceed, in any event, the sum of \$148,091.

(For brevity other portions of this exhibit are omitted.)

## [fol. 2939] COMPLAINANTS' EXHIBIT No. 444

Application of Bessemer, Ala., for Loan and Grant of \$636,000 to Construct an Electrical Distribution System

It is proposed to construct a central distributing sub-station near the center of the city, which sub-station will be supplied from transformers furnished by the TVA.

## Economic and Social Value of the Project:

c. The lower rates resulting from this project will stimulate the industrial and commercial development of the city, and with the use of household electrical appliances the drudgery of house-keeping will be greatly relieved, thus improving home life for the residents.

## Long Range Development:

d. The project is a part of the program of the Tennessee Valley Authority of establishing better living and social conditions in the regions within transmission distance of the Muscle Shoals power development.

The ratio of residential consumers to population under normal conditions, and with the proposed low rates and large industrial population in Bessemer, will conservatively

## COMPLAINANTS' EXHIBIT No. 444

approximate one-seventh. Since the population of Bessemer for 1930 was 20,721, this will assume 3,000 residential consumers as an average condition over a 30-yr. period, on the assumption that the city will not grow during this period. The present annual consumption per residential consumer in this district, due to the existing rates and the depression, is very low, averaging about 500 kwh. A reasonable expectation over a period of ten years, with return of normal business conditions, and with the low TVA rates, would be 1,000 kwh. per consumer. In Tacoma, Washington, where these rates are in vogue, this figure is 1,500 kwh. at present, and is generally increasing as the use of domestic electrical appliances becomes more general.

Under proposed TVA rates, without any surcharge, the average domestic rate, based on a consumption of 1000 kwh. per year, would approximate  $2\frac{1}{2}\text{¢}$  per kwh.

[fol. 2940] The average rate for an average commercial consumption of 300 kwh. per month on the TVA base rate, without sur-charge, would be approximately  $2\frac{1}{2}\text{¢}$  per kwh. Under TVA regulations we are required to add the same sur-charge to the commercial consumer as to the industrial consumer. We are therefore increasing the average rate to the commercial consumer to .3125¢ per kwh. as a basis for the proposed financial set-up.

P. W. A. Docket No. 7677 Revised Application of Bessemer, Alabama, for a Loan from the Federal Emergency Administration of Public Works to Construct an Electrical Distribution System

Birmingham, Alabama,

August 14, 1935.

Re Docket 7677—Bessemer, Alabama, Electric Distribution System

Mr. H. S. Geismer, Acting State Director, PWA, Montgomery, Alabama.

DEAR SIR:

On July 13, 1935, Mr. Roy Ingram, Mayor, Tarrant City, received a joint letter from Senators Black and

## COMPLAINANTS' EXHIBIT No. 444

Bankhead dated July 12, 1935, in which they advised the Mayor that the revised application of his city for a loan and grant to construct a steam power plant with which to serve both his city and the City of Bessemer, will not be approved. They advised the Mayor that if he could secure another source of power the application for the loan and grant would probably be approved. A similar letter was received by the City of Bessemer.

Inasmuch as the revised application of the City of Bessemer was made contingent upon the purchase of power from the City of Tarrant City, generated at its proposed steam power plant, the City of Bessemer now desires to amend its application for the second time to provide for the purchase of power from the TVA at the southern border of Morgan County; for the construction of a 132 kv. transmission line therefrom, to a 22,500 kva. sub-station located on the outskirts of Tarrant City; for the construction of a 22,500 kva., 132/22 kv. sub-station on the outskirts of Tarrant City; for the resale of power to the City of Tarrant City at the sub-station at 22 kv.; for the construction of a 22 kv. double circuit line from the sub-station to a distribution sub-station on the outskirts of Bessemer approximately 15 miles in length; and for the construction of a municipal distribution system in the City of Bessemer to supply residential, commercial and industrial consumers.

Please refer to the following correspondence:

[fol. 2941], a. The original application of the City of Bessemer, Alabama, filed in December, 1933, original engineering reference 170, for a loan and grant for an electrical distribution system, \$636,000.

b. Our letter of February 22, 1934, addressed to Mr. George J. Davis, Jr., State Engineer, PWA, Montgomery, Alabama, in response to his letter dated January 11, 1934, requesting an early revision of the application to adapt it to a source of power other than the TVA. This request to Mr. Davis was made necessary by virtue of the contract between the TVA and the Commonwealth and Southern Power Corporation whereby the TVA agreed not to build lines in the Birmingham district.

c. Our letter dated March 28, 1935, to Mr. H. S. Geismer, State Engineer, PWA, Montgomery, Alabama, in re. Docket 7677.



## COMPLAINANTS' EXHIBIT No. 444

d. Our letter to Mr. H. S. Geismer, State Engineer PWA, Montgomery, Alabama, dated April 13, 1935, in re. Docket 7677.

It is now desired to amend Docket No. 7677 for the second time to provide for the purchase of power from the TVA at the southern border of Morgan County, by the City of Bessemer; for the construction of a double circuit 132 kv. transmission line from that point to a step down transformer sub-station located in the outskirts of Tarrant City; for the sale of power at 22 kv. at the sub-station to the City of Tarrant City, Docket No. 7512; and for the transmission of power at 22 kv. from the sub-station to the City of Bessemer.

Section 7 of the contract dated January 5, 1934, between the TVA and the Power Companies provided that during the period prior to the completion of Norris Dam, the Authority will not sell energy Outside of Said Counties (including Morgan County) to municipalities now served by the Power Company. The inclusion of the limitation Outside of Said Counties thus provides that the Authority may sell power to municipalities such as Bessemer at any point within Morgan County. It is therefore proposed in revising the application of Bessemer, Docket 7677, and Tarrant City, Docket 7512, to provide for the construction of a double circuit, 132 kv., three phase transmission line from the southern border of Morgan County to a step down transformer sub-station located in the outskirts of Tarrant City, and for the distribution of power at three phase, 22 kv. from this sub-station to Tarrant City and Bessemer. It is proposed that Bessemer shall own and operate both the transmission line and the sub-station, and shall sell three phase, 22 kv. power to Tarrant City at TVA wholesale rates.

It is also proposed to re-setup both applications on the basis of a 45% grant to the cities.

. . . . .

[fol. 2942] Some of these industries, as will be noted on print BA-O-1 and print BA-O-2, are intra-urban and some extra-urban, but all are within transmission range of the proposed distribution system. The aggregate kw. capacity

## COMPLAINANTS' EXHIBIT No. 444

of these industries is very greatly in excess of the aggregate kw. on which the earnings statement herewith incorporated is predicated. It is believed that if and when a loan to the City of Bessemer by the PWA, for the purposes herein provided for, is made contingent upon the sale of industrial power there will be no trouble in signing up a large block of industrial power very much in excess of the aggregate kw. demand herein specified. The franchise conditions of the existing electric utility in Bessemer have been discussed at great length in previous letters and communications, and it is not deemed necessary to repeat these previous discussions at this time. Suffice it to say that it is the belief of the City Attorney of Bessemer and of the legal staff of the City of Birmingham, and of disinterested attorneys, that the franchise of the Birmingham Electric Company in the City of Bessemer has expired and that, when properly litigated, the courts will so adjudicate it.

. . . . .

(For brevity other portions of this exhibit are omitted.)

[fol. 2943] COMPLAINANTS' EXHIBIT No. 445

Loan and Grant contract dated December 11, 1935, in the amount of \$1,238,182, between Federal Emergency Administration of Public Works and the City of Bessemer, for the construction of an electric distribution system:

Federal Emergency Administration of Public Works

Washington, D. C.

December 11, 1935.

PWA Docket No. 7677

CITY OF BESSEMER,

Jefferson County, Alabama:

1. The United States of America (herein called the "Government") hereby offers to aid in financing the construction of a 50 mile 132 kv. transmission line and a substation (herein called "Sub-Project A") and a 15 mile 22 kv. 2-circuit transmission line together with a complete distribution system (herein called "Sub-Project B", Sub-

## COMPLAINANTS' EXHIBIT No. 445

Project A and Sub-Project B being herein collectively referred to as the "Project") by making a loan and grant to the City of Bessemer, Alabama (herein called the "Applicant") in an amount not exceeding in the aggregate the sum of \$1,238,182.

2. The Government will purchase, at the principal amount thereof plus accrued interest, from the Applicant, obligations of the description and in amounts set forth below (or such other description as shall be mutually satisfactory), less such amount of such obligations, if any, as the Applicant may sell to purchasers other than the Government:

As to Sub-Project A—\$324,000:

(a) Obligor: City of Bessemer;

• • • • •

3. The Government will make the grant for Sub-Project A in an amount equal to forty-five percent (45%) of the cost of Sub-Project A upon completion, but not to exceed, in any event, the sum of \$264,182, and for Sub-Project B in an amount equal to forty-five percent (45%) of the cost of Sub-Project B upon completion, but not to exceed, in any event, the sum of \$293,000.

• • • • •

(For brevity other portions of this exhibit are omitted.)

[fol. 2944] COMPLAINANTS' EXHIBIT No. 446 (Excluded)

Federal Emergency Administration of Public Works  
Electric Power Board of Review

Washington, D. C., August 29, 1934.

Memorandum

To: Mr. Henry T. Hunt.

From: Mr. O. M. Rau.

Subject: Docket #7512—Tarrant City, Alabama;

Docket #7677—Bessemer, Alabama.

The applications for these projects originally proposed the construction and operation of municipal electric sys-

## COMPLAINANTS' EXHIBIT No. 446 (Excluded)

tems consisting of distribution and street lighting systems, purchasing energy from TVA at substations to be installed by TVA in each city.

	Tarrant City	Bessemer
Loan Requested.....	\$184,400	\$636,000

It appears that a contract between TVA and the Commonwealth and Southern Corporation, and certain of its subsidiaries including the Alabama Power Company, to acquire certain transmission lines, etc., contain the following conditions:

"During said period (completion of the Norris Dam Power Plant, approximately December 31, 1938) authority will not sell electric energy outside of said counties to any municipality (etc.) which, or the distribution system serving which is now supplied by power companies."

Therefor- during the term of the contract neither Tarrant [fol. 2945] City nor Bessemer may expect to secure a supply of electrical energy for distribution from the TVA.

This situation required the construction of a generating plant from which to obtain originally intended to be purchased from TVA. To meet this situation a second application was filed by the City of Tarrant for a loan to construct and operate a steam generating plant of 15,000 kva. capacity to supply both Tarrant City and Bessemer.

Loan Requested .....	\$994,000
----------------------	-----------

It therefor- appears that these three applications must be considered jointly in arriving at a final disposition of the applications for these loans, the total of which is as follows.

Project #7512 Tarrant City Distribution System	\$184,400
Project # Tarrant City Generating Plant.....	\$994,000
Project #7677 Bessemer Distribution System...	\$636,000
Total—3 Applications .....	\$1,814,400

The construction of additional steam generating capacity in the TVA area should coordinate with the plans of the TVA. The attached maps indicate the existing transmis-

## COMPLAINANTS' EXHIBIT No. 446 (Excluded)

sion lines and power sources from which electric service is available to serve Tarrant City and Bessemer.

[fol. 2946] To obtain energy from the Wilson Dam will require the construction of a transmission line to Tarrant City, a distance of approximately 100 miles, and an extension to Bessemer of approximately 16 miles. At the time of filing the Tarrant and Bessemer applications, it apparently was the intention of TVA to construct a transmission line to Birmingham from which line both Bessemer and Tarrant could have been served with energy from the TVA System.

In considering the approval of a loan to construct a steam generating plant at Tarrant or Bessemer, the plans of TVA regarding the construction of a transmission line to Birmingham should be taken into consideration.

The existing steam generating plants in the immediate vicinity of Birmingham consist of the following important plants:

Gorgas Plant #1—70,000 kw.—Alabama Power Company.

Gorgas Plant #2—60,000 kw.—Alabama Power Company.

Birmingham—13,700 kw.—National Power & Light Company.

Consistent with the policy of the TVA to acquire existing facilities by negotiation, an agreement to use existing steam generating facilities for stand by or emergencies, particularly when such plants are of sufficient capacity to add to the reliability of the entire TVA system, becomes of importance.

The construction of a relatively small steam plant as proposed by the Tarrant City applications would not only be economically unsound but of little value as stand by capacity in case of interruptions from transmission or other trouble should Birmingham, Tarrant, Bessemer and [fol. 2947] surrounding area be served by TVA, the demand of the Birmingham district alone being in excess of 20,000 kw.

The disposition of these three projects so as to coordinate with the plans of the TVA indicates the advisability



## COMPLAINANTS' EXHIBIT No. 446 (Excluded)

of submitting the applications to the TVA for instructions on the principal points involved which appear to be as follows:

A. Was the steam plant with a capacity of 15,000 kw. for which an application for a loan of \$994,000 has been proposed by Tarrant City a useful purpose in the plans for the development of the TVA.

B. Are the plans of the TVA in the Birmingham area sufficiently developed to indicate with reasonable assurance when power from Wilson Dam will be available to Tarrant City and Bessemer.

C. Would the approval of these projects have an influence of sufficient importance, by a demonstration of TVA rates in Tarrant City and Bessemer, to favorably effect negotiations for acquiring facilities of existing utilities in this area by TVA.

D. If these projects are approved, would the TVA assume the debt charges on the loan for the steam generating plant, (to be used as stand by capacity) after TVA energy [fol. 2948] was substituted for the power generated by the steam plant.

Recommendation:

Provided the plans of TVA indicate that power from Wilson Dam will be available within a reasonable length of time, these projects exclusive of the steam plant, be approved with a condition that construction work be deferred until power from TVA is available and that the amount of the loan be earmarked for this purpose.

O. M. Rau.

[fol. 2949] COMPLAINANTS' EXHIBIT No. 447 (Excluded)

August 31, 1934.

Mr. David E. Lilienthal, Director, Tennessee Valley Authority, Knoxville, Tennessee.

DEAR MR. LILIENTHAL:

I enclose herewith copy of a memorandum (8-29-34) by Mr. Rau regarding the Tarrant City, Alabama (Docket No.



## COMPLAINANTS' EXHIBIT No. 447 (Excluded)

7512) and Bessemer, Alabama (Docket No. 7677) electric projects. Before making any final recommendation on the projects, this Board would like to receive your advice regarding their relation to TVA. Please note especially the questions listed by Mr. Rau on page 3 of his memorandum.

Sincerely yours, Henry T. Hunt, Chairman, for the Administrator.

[fol. 2950] COMPLAINANTS' EXHIBIT No. 448 (Excluded).

Board of Directors: Arthur E. Morgan, Chairman;  
Harcourt A. Morgan, David E. Lilienthal.

Tennessee Valley Authority, Knoxville, Tennessee.

September 11, 1934.

Honorable Henry T. Hunt, Chairman, Federal Emergency  
Administration, of Public Works, Washington, D. C.

MY DEAR MR. HUNT:

With reference to your letter of August 31, enclosing copy of a memorandum (8-29-34) from Mr. Rau regarding Tarrant City, Alabama, (Docket No. 7512) and Bessemer, Alabama, (Docket No. 7677) electric projects, I feel that it will be advisable to hold this for Mr. Lilienthal's personal attention, particularly as he is expected to return to the United States from a trip abroad on Friday, September 14.

I can assure you that this matter will be brought to Mr. Lilienthal's immediate attention in order that you may have the information required at the earliest moment possible.

Yours very truly, Tennessee Valley Authority, by  
V. D. L. Robinson, Administrative Assistant.

VDLR:FD.

wd.

339753. Sep. 14, '34.

[fol. 2951] COMPLAINANTS' EXHIBIT No. 449 (Excluded).

Board of Directors: Arthur E. Morgan, Chairman;  
Harcourt A. Morgan, David E. Lilienthal.

Tennessee Valley Authority, Knoxville, Tennessee.

September 22, 1934.

Honorable Henry T. Hunt, Chairman, Electric Power  
Board of Review, Federal Emergency Administration of  
Public Works, Washington, D. C.

MY DEAR MR. HUNT:

Upon my return to my desk I find your letter of August 31, with enclosures, relating to Tarrant City, Alabama (Docket No. 7512), and Bessemer, Alabama (Docket No. 7677), Electric Projects.

The Tennessee Valley Authority does not now have available power which could be supplied to Tarrant City and Bessemer. Power will, however, be available in very large blocks upon completion of Norris Dam and Wheeler Dam. These dams are both proceeding ahead of schedule. Our engineers inform us that they have every reason to believe that Norris Dam will be completed and the power installation in operation not later than mid-summer of 1936, less than two years hence. The completion of Wheeler Dam, without the installation of power facilities will add 20,000 kw. to the firm power capacity of Wilson Dam, by providing regulation of Wilson lake. This also should be available in 1936, according to present construction schedules.

The plans of the Tennessee Valley Authority are not sufficiently matured as to the disposition of the additional [fol. 2952] 150,000 to 175,000 kw. available in 1936 to permit of wholly specific answers to the questions incorporated in Mr. Rau's memorandum of August 29. We would be unable to advise whether the proposed steam plant would serve a useful purpose if it were located at Tarrant City.

We are of the opinion that Mr. Rau's recommendation is sound, and believe its adoption by your Board would further the TVA program. That recommendation is that "these projects, exclusive of the steam plant, be approved with a condition that construction work be deferred until

## COMPLAINANTS' EXHIBIT No. 449 (Excluded).

power from TVA is available and that the amount of the loan be ear-marked for this purpose."

Very truly yours, Tennessee Valley Authority, by  
David E. Lilienthal, Director and General Counsel.

354367. Sep. 26, '34.

## [fol. 2953] COMPLAINANTS' EXHIBIT No. 450 (Excluded.)

Tennessee Valley Authority, Knoxville, Tennessee.

October 8, 1934.

Honorable Henry T. Hunt, Chairman, Federal Emergency  
Administration of Public Works, Washington, D. C.

MY DEAR MR. HUNT:

I have your letter of October 5 with reference to the Board's conclusions regarding Bessemer (Docket No. 7677) and Tarrant City (Docket No. 7512) electric projects, and your inquiry for certain information in connection with the Oneonta application (Docket No. 7403).

I am requesting our engineers to study this matter and report back to me, at which time I will write you further giving the information desired.

Very truly yours, Tennessee Valley Authority, by  
David E. Lilienthal, Director and General Counsel.

372015. Oct. 11, '34.

## [fol. 2954] COMPLAINANTS' EXHIBIT No. 451

Federal Emergency Administration of Public Works.

Harold L. Ickes, Administrator  
Washington

State Mississippi.

State File No. 1028.

The 1. "City of Starkville" a municipal corporation of the State of Mississippi (herein called the "Applicant") hereby makes application to the United States of America

## COMPLAINANTS' EXHIBIT No. 451

through the Federal Emergency Administration of Public Works (herein called the "Government"), for a loan and a grant for the purpose of aiding in financing the construction of 2. a power plant for lighting the streets of the City of Starkville, Mississippi, and additions to the water pumping plant of the City of Starkville, Mississippi, and the construction of a street lighting system for said City, including a white way, and additions to fire fighting apparatus of said City, (herein called the "Project") the total cost of which is estimated to be 3. \$149,800,000.

. . . . .

(For brevity other portions of this exhibit are omitted.)

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## [fol. 2955] COMPLAINANTS' EXHIBIT No. 452.

Loan and Grant contract dated November 20, 1935, in the amount of \$150,909, between Federal Emergency Administration of Public Works and the City of Starkville, Mississippi, for the construction of an electric distribution system and the installation of fire apparatus.

(Omitted)

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## COMPLAINANTS' EXHIBIT No. 453.

Application of City of Okolona, Mississippi, to Federal Emergency Administration of Public Works for a loan and grant in the amount of \$38,181, for the construction of a rural electric distribution system.

(Omitted)

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## [fol. 2956] COMPLAINANTS' EXHIBIT No. 454

(Omitted)

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## COMPLAINANTS' EXHIBIT No. 455

Loan and grant contract dated March 14, 1936, between Federal Emergency Administration of Public Works and

**COMPLAINANTS' EXHIBIT No. 455**

the City of Okolona, Mississippi, in the amount of \$38,181, for constructing extensions to a existing electric distribution system consisting of approximately 43 miles of rural lines.

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 456**

Application of City of Aberdeen, Mississippi, to Federal Emergency Administration of Public Works for a loan and grant in the amount of \$118,662.60, for the construction of a rural electric distribution system.

(Omitted)

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**[fol. 2957] COMPLAINANTS' EXHIBIT No. 457**

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 458**

Loan and Grant agreement dated December 26, 1938, between Federal Emergency Administration of Public Works and the City of Aberdeen, Mississippi, in the amount of \$120,000, for the construction of a rural electric distribution system.

(Omitted)

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**[fol. 2958] COMPLAINANTS' EXHIBIT No. 459**

Application by the City of Knoxville, Tennessee, dated November 15, 1933, to Federal Emergency Administration of Public Works, for loan and grant in the amount of \$3,225,000 to construct an electric distribution system.

To the Hon. William Baxter Lee, Hon. Roane Waring, and Hon. Robert H. Baker, State Board Federal Administration of Public Works, Nashville, Tennessee

GENTLEMEN:

The undersigned, City of Knoxville, Tennessee, a municipal corporation under the laws of the State of Tennessee,

## COMPLAINANTS' EXHIBIT No. 459

respectfully applies to your Board, and through your Board to the Public Works Administration of the United States, for a loan of \$3,225,000 to be loaned to the City of Knoxville pursuant to the Federal Public Works Program if and when it obtains final authority to complete such a loan, for the construction or purchase of a municipally owned electric distribution system.

. . . . .

## IV. The Project

(a) The project is one for the building, or purchase, of a municipal electric distribution system for the City of Knoxville to furnish light and power to its citizens at a much lower rate than now required to be paid by the citizens to the privately owned Company now furnishing light and power in Knoxville. This project is planned in co-operation with and to take advantage of rates proffered by the Tennessee Valley Authority.

Electric power will be delivered by the Tennessee Valley Authority to the City system at a central substation, located on unused City owned property.

The Tennessee Valley Authority plans to construct two high voltage transmission lines into this substation, thus insuring the city against any interruptions of the power supply from accident to one line, and to install the switching, transformer and metering equipment required to meter and deliver energy to the City substation at 15,200 volts.

. . . . .

[fol. 2959] (c & d) The economical and social value of the project is readily shown by the reduction in rates to be made available to citizens of Knoxville upon completion of the municipal distribution system. It is planned to take advantage of rates proffered by the Tennessee Valley Authority, whose purposes and plans are well known to the Public Works Administration. For this reason, it is not deemed necessary to here set forth a lengthy statement covering the many phases of the broad, social and economic value of the project.

. . . . .



## COMPLAINANTS' EXHIBIT No. 459

(i) It is likely that the project will compete with the Tennessee Public Service Company operating a somewhat similar enterprise.

## V. Revenue and Expenses

(e) For proposed rates and schedules see report of Burns & McDonnell, pages 37 to 39. These rates are based on the standard schedules proffered by the Tennessee Valley Authority. For comparison with present rates see pages 40 to 44. If other details of the present rates are desired, same will be submitted on request.

The rates of the Tennessee Public Service Company are subject to approval by the Railroad & Public Utilities Commission of Tennessee, and the proposed rates of the municipally operated system will be subject to approval and contract with the Tennessee Valley Authority.

(For brevity other portions of this exhibit are omitted)

## [fol. 2960] COMPLAINANTS' EXHIBIT No. 460

Loan Agreement Dated as of April 2, 1934, Between The City of Knoxville, Knox County, Tennessee (Herein Called the "Borrower"), and the United States of America (Herein Called the "Government")

## Part One

## General Provisions

1. Amount of Loan and Grant, Purchase Price and Purpose.—Subject to the terms and conditions of this Agreement, the Borrower will sell and the Government will purchase \$2,000,000 aggregate principal amount of the bond, (herein called the "bonds"), of the Borrower, being part of an authorized issue of \$3,225,000, at 100 per centum of the principal amount, thereof, plus accrued interest, and, in addition to the amount of Bonds to be purchased, the Government will make a grant, (herein called the "Grant"),

## COMPLAINANTS' EXHIBIT No. 460

to the Borrower of not to exceed 30 per centum of the cost of the labor and materials employed upon the Project as herein described, but such Grant together with the aggregate principal amount of the Bonds purchased, and any other funds (herein called "Other Funds"), received directly or indirectly from the Government or any agency or instrumentality thereof to be used to aid in financing the construction of the Project, shall not exceed in aggregate amount the total cost of the Project, and in no event shall such aggregate amount exceed \$2,600,000 . . .

## Part Two

. . . . .

2. Preliminary Proceedings by Borrower.—When the Agreement has been signed on behalf of the Borrower, the Borrower shall promptly:

(a) Send to the Government three signed counterparts of the Agreement and a certified copy of the resolution adopted by the Borrower pursuant to Paragraph 1, Part Two, hereof, together with certified extracts of the minutes pertaining to its adoption and any papers, certificates and other documents which may be requested by the Administrator;

(b) Retain municipal bond counsel satisfactory to the Administrator to assist the Borrower in the proceedings relative to the authorization, issuance and sale of the Bonds, and to give such legal opinions relative thereto as may be requested by the Administrator;

[fol. 2961] (c) Submit to the Government plans, drawings, specifications and schedule of the work and materials to be employed upon the Project; the latest data as to the expected cost of the Project; a statement as to when and how it is proposed to advertise for bids and to let contracts for the work; a statement as to when and how it is proposed to acquire the necessary lands, easements, franchises, and rights-of-way; an estimate as to the amount of money that will be needed at the time of the sale of the Bonds; and any other details or data that may be requested by the Administrator.

## COMPLAINANTS' EXHIBIT No. 460

(d) Submit to the Government all such authorizations, permits, licenses and approvals from Federal, State, county, municipal and other authorities as the Administrator may deem advisable then to be obtained in connection with the Project or the Bonds;

(e) Take all the proceedings necessary for the authorization and issuance of the Bonds.

(f) Submit for approval a contract with the Tennessee Valley Authority stipulating that the said Authority will agree to furnish to the Borrower for a period of not less than twenty years, to a point or points adjacent to the limits of the City and previously agreed upon, and the Borrower to accept and pay for a supply of electric energy sufficient in quantity at all times to meet the demands of the residential, commercial, and industrial customers to be served by the System. This contract shall contain such other terms and conditions as may be necessary to insure to the Borrower an adequate supply of electric energy, to insure the charging of rates by the Borrower for resale of electric energy and to provide for the disposition of revenues derived from the operation of the System in a manner satisfactory to the Administrator.

. . . . .

4. Conditions Precedent to the Government's Obligations.—The Government shall be under no obligation to pay for any of the Bonds or to make any Grant:

(a) Budget.—If in the judgment of the Administrator the Borrower has failed to balance its budget satisfactorily, or has failed to take satisfactory action which is reasonably designed to bring the ordinary current expenditures of the Borrower within the prudently estimated revenues thereof;

(b) Cost of Project.—If the Administrator shall not be satisfied that the Borrower will be able to construct the Project (p.-18) within the cost estimated at the time when the Application was approved by the Government, such estimated cost being the amount of \$2,600,000, unless in the event that additional funds appear to the Adminis-

## COMPLAINANTS' EXHIBIT No. 460

trator, to be necessary in order to pay in full the cost of the construction of the Project, the Administrator shall be satisfied that the Borrower will be able to obtain such funds, as needed, through additional borrowing or otherwise, in a manner satisfactory to the Administrator.

(c) Compliance.—If the Borrower shall not have complied, to the satisfaction of the Administrator, with all the provisions contained or referred to in this Agreement and in the proceedings authorizing the issuance of the Bonds, theretofore to be complied with by the Borrower;

(d) Legal Matters.—If the Administrator shall not be satisfied as to all legal matters and proceedings affecting the Bonds, the security therefor of the Project;

(e) Representation.—If any representation made by the Borrower in this Agreement or in the Application or in any supplement thereto, or amendment thereof, or in any document submitted to the Government by the Borrower shall be found by the Administrator to be incorrect or incomplete in any material respect;

(f) Financial Condition.—If, in the judgment of the Administrator, the financial condition of the Borrower shall have changed unfavorably in a material degree from its condition as theretofore represented to the Government;

(g) Tennessee Valley Authority Contract.—If the Borrower shall fail to execute and furnish the Government with two certified copies of a contract between the Borrower and the Tennessee Valley Authority, as provided in Paragraph 2 (f) Part Two hereof, such contract to be satisfactory to the Administrator as to form, sufficiency and substance; as to rates to be charged by the Borrower for resale of electrical energy; and as to disposition of revenues of the System;

. . . . .  
(For brevity other portions of this exhibit are omitted.)

[fol. 2963] COMPLAINANTS' EXHIBIT No. 461 (Excluded)

Public Works Administration

Straight Message

February 18, 1934.

Joseph C. Swidler, Esquire, Power Attorney, Tennessee  
Valley Authority, Knoxville, Tennessee:

KNOXVILLE POWER CONTRACT APPARENTLY SATISFACTORY TO  
THE FINANCE DIVISION EXCEPT ALL PARAGRAPH NINE AFTER  
WORD AUTHORITY UNNECESSARY NO MORTGAGE IN THIS CASE  
STOP ON RATES SUBJECT TO SATISFACTORY RESOLUTION OF TVA  
BOARD.

B. W. Thoron, Assistant Finance Director, PWA.

BET:WFL

[fol. 2964] COMPLAINANTS' EXHIBIT No. 462 (Excluded)

February 16, 1934.

Joseph C. Swidler, Esquire, Power Attorney, Tennessee  
Valley Authority, Knoxville, Tennessee.

DEAR MR. SWIDLER:

Confirming our telephone conversation and my telegram, I have examined the Knoxville Power Contract with respect to its effect on the financial conditions of the loan agreement to be signed between the City of Knoxville and the Public Works Administration. In general, there appears to be no conflict.

Paragraph 9, of your proposed contracts refers to involuntary transfer or assignment of the contract. In the case of Knoxville, I do not believe this provision is requisite as the Government's security will be general obligation bonds of the City and there will be no mortgage on the plant. There is one improbable contingency which should, however, be provided for in my opinion. If the City should accept a loan from the Public Works Administration for construction of a distribution system and having started the construction should then negotiate a purchase of the [fol. 2965] existing system which would render the partly duplicated facilities useless, it does not appear that the



**COMPLAINANTS' EXHIBIT No. 462 (Excluded)**

provisions for the disposition of revenue by the contractors would specifically protect the bonds which we would hold. I think a proviso should be added to Paragraph 10 (A) of the Schedule of Rules and Regulations which I assume is made a part of your contract with the City covering this matter.

Approval of your contract as far as the rate schedule is concerned is subject to the adoption of a resolution by the Board of Directors of the Tennessee Valley Authority, that the rates will be so modified as to provide the revenues necessary for the various purposes enumerated in Paragraph 10(A) of the Schedule of Rules and Regulations, including an assurance that a surcharge or other increase will be applied to domestic rates if a reasonable increase in industrial and commercial rates fails to produce the necessary revenue or reacts unfavorably on the use of such power.

I feel that some such formal action by the Authority is requisite.

Very sincerely yours, B. W. Thoron, Assistant Finance Director for the Administrator.

BWT:MF1.

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**[fol. 2966] COMPLAINANTS' EXHIBIT 463 (Excluded)**

February 17, 1934.

Miss Owen, Tennessee Valley Authority, Washington, D. C.

DEAR MISS OWEN:

I would appreciate it very much if you will return the enclosed draft of a contract between the Tennessee Valley Authority and the City of Knoxville when you have made a copy of it as we have no other copy and this one was furnished us for use in connection with our loan to the City of Knoxville.

Sincerely yours, B. W. Thoron, Assistant Finance Director for the Administrator.

Enclosure.

BWT:MF1.



[fol. 2967] COMPLAINANTS' EXHIBIT 464 (Excluded)

March 8, 1934.

Mr. David E. Lilienthal, Tennessee Valley Authority, The  
Moll Building—9th St., Washington, D. C.

MY DEAR MR. LILIENTHAL:

Referring to our conversation the other day concerning  
the Knoxville situation:

After I talked with you, I checked up our draft of con-  
tract, with Knoxville for this loan. In this draft, we state:

"That we shall be under no obligation to advance any  
funds to the City for the Construction of the distribution  
system until we have been satisfied that the City has used  
without success its best efforts to acquire, upon a basis of  
value and terms deemed reasonable and satisfactory to us,  
the existing facilities of the Utility Company for the dis-  
tribution of electric energy within the territory to be served  
by the system."

[fol. 2968] In other words, the proposed agreement pro-  
vides that none of our funds can be used for the acqui-  
sition of the existing system.

I drew from our conversation that, in case a satisfactory  
price can be reached for the purchase of the existing dis-  
tribution system, Knoxville intends to give them their bonds  
for the property. If an agreement cannot be reached by the  
City and the Utility for its purchase, then our loan can be  
used for the construction of a completing system.

I recall that you mentioned there was a possibility that  
TVA might purchase the existing distribution system at  
Knoxville.

If you have any suggestions to make that will assist  
you in Knoxville in making your trade for the purchase of  
the Utility other than those outlined above which are in the  
draft of this agreement—we shall be very glad to have them.

Sincerely yours, H. M. Waite, Deputy Administrator.  
H.M.W.:N.Y.S.

[fol. 2969] COMPLAINANTS' EXHIBIT 465 (Excluded)

March 23, 1934.

Mr. David E. Lilienthal, Director and General Counsel,  
Tennessee Valley Authority, Washington, D. C.

DEAR MR. LILIENTHAL:

This is to acknowledge receipt of your letter of March 22 with reference to the allotment made by the Public Works Administration to the City of Knoxville, Tennessee. I have shown your letter to the Administrator who agrees that it constitutes satisfactory evidence, for our records, that the intent of the proposed loan agreement provision (which provision was omitted from the final agreement) regarding negotiation for the existing system has been met to his satisfaction.

Your very truly, P. M. Benton, Finance Director for  
the Administrator.

PMB:AA.

[fol. 2970] COMPLAINANTS' EXHIBIT No. 466 (Excluded)

Excerpts from Minutes of Meeting of Board of Light & Water Commissioners, City of Memphis, held September 28, 1936

The following resolution was offered by Commissioner Mallory:

Whereas, At a meeting of the Board of Light and Water Commissioners duly held on August 31, 1935, a resolution was duly adopted authorizing application to be made on behalf of the Memphis Light and Water Division to the United States of America through the Federal Emergency Administration of Public Works for a loan and grant in the aggregate sum of Ten Million Dollars (\$10,000,000.00) to aid in financing the construction of an electric distribution system; and,

Whereas, it is now deemed proper that the aforesaid resolution and the application heretofore made pursuant thereto, be modified so as to make application only for a grant, and to waive the provisions of said application with respect to a loan;

Now, Therefore, be it Resolved, By the Board of Light and Water Commissioners,

## COMPLAINANTS' EXHIBIT No. 466 (Excluded)

Section 1. That the aforesaid resolution, and the aforesaid application made pursuant to said resolution, be, and the same are hereby amended for the purpose and to the extent of requesting only a grant, and that the request heretofore made for a loan, as well as a grant, be, and the same is hereby waived.

Section 2. Be it Further Resolved, That Thomas H. Allen duly elected and qualified Chairman of this Board, is hereby authorized to transmit copy of this resolution, duly certified by the Secretary, to the said Federal Emergency Administration of Public Works, and further, to execute any and all documents which may be necessary or proper for the purpose of modifying the aforesaid application so as to withdraw the request for a loan.

C to D. AR. 10/5/36.

PWA Washington Office. This copy made by Projects Division, Record Section.

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[fol. 2971] COMPLAINANTS' EXHIBIT No. 467

Application of the Town of Newbern, Tennessee, to Federal Emergency Administration of Public Works, dated June 1, 1935, for a loan and grant in the amount of \$104,030, for the construction of a lighting system and power plant.

(Omitted)

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COMPLAINANTS' EXHIBIT No. 468

Loan and Grant contract dated October 29, 1936, between Federal Emergency Administration of Public Works and the City of Newbern, Tennessee, in the amount of \$59,000, for the construction of an electric distribution system.

(Omitted)

[fol. 2972] COMPLAINANTS' EXHIBIT No. 469 (Excluded)

Tennessee Valley Authority,  
Knoxville, Tennessee

June 30, 1936.

Mr. Kenneth Markwell, State Director, Federal Emergency  
Administration of Public Works, Nashville, Tennessee.

DEAR MR. MARKWELL:

With reference to your letter of June 24, inquiring whether TVA would be in a position to serve the City of Newbern in Dyer County, Tennessee, I am advised by our engineers that a single-phase line is now planned by the West Tennessee Electric Membership Corporation which will reach into Dyer County. This line would probably not be suitable for service to the City of Newbern. However, were the City to take power, it would doubtless be feasible to convert the planned single-phase line to a three-phase line, which would be adequate for serving the load.

Yours very truly, David E. Lilienthal, Director.

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[fol. 2973] COMPLAINANTS' EXHIBIT No. 470

Application of City of Paris, Tennessee, dated September 4, 1935, to Federal Emergency Administration of Public Works for a loan and grant in the amount of \$325,000 for the construction of an electric distribution system.

(Omitted)

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[fol. 2974] COMPLAINANTS' EXHIBIT No. 471

Loan and Grant contract dated December 11, 1935, between Federal Emergency Administration of Public Works and the City of Paris, Tennessee, in the amount of \$135,000, for the construction of an electric distribution system.

(Omitted)

**COMPLAINANTS' EXHIBIT No. 472**

Application of City of Somerville, Tennessee, dated November 2, 1935, to Federal Emergency Administration of Public Works for a loan and grant in the amount of \$38,182 for water works and electric plant improvements.

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 473**

Loan and Grant contract dated December 1, 1935, between Federal Emergency Administration of Public Works and the City of Somerville, Tennessee, in the amount of \$38,182, for water works and electric plant improvements.

(Omitted)

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**[fol. 2975] COMPLAINANTS' EXHIBIT No. 474**

Application of City of Jackson, Tennessee, dated June 29, 1936, to Federal Emergency Administration of Public Works for a loan and grant in the amount of \$575,000 to construct an electric distribution system.

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 475**

Loan and Grant contract dated November 14, 1936, between Federal Emergency Administration of Public Works and the City of Jackson, Tennessee, in the amount of \$563,500, for the construction of an electric distribution system.

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 476**

Application of the City of Fayetteville, Tennessee, to Federal Emergency Administration of Public Works, for grant in the amount of \$149,000, dated August 5, 1936, to construct an electric distribution system.

(Omitted)

## [fol. 2976] COMPLAINANTS' EXHIBIT No. 477

Grant contract dated November 24, 1936, between Federal Emergency Administration of Public Works and the City of Fayetteville, Tennessee, in the amount of \$67,050 to aid in financing the construction of an electric distribution system.

(Omitted)

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## COMPLAINANTS' EXHIBIT No. 478

Application of City of Chattanooga, Tennessee, dated September 2, 1935, to Federal Emergency Administration of Public Works for a loan and grant in the amount of \$6,000,000 to construct an electric distribution system.

(Omitted)

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## COMPLAINANTS' EXHIBIT No. 479

Application of City of Murfreesboro, Tennessee, dated March 28, 1936, to Federal Emergency Administration of Public Works for a loan and grant in the amount of \$400,000 to construct an electric distribution system.

(Omitted)

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## [fol. 2977] COMPLAINANTS' EXHIBIT No. 480 (Excluded)

Tennessee Valley Authority,  
Knoxville, Tennessee

December 20, 1933.

K. S. Wingfield, Esq., Finance Division, Public Works Administration, Room 1112 Interior Building, Washington, D. C.

DEAR MR. WINGFIELD:

This letter will confirm the statements I made to you this afternoon in response to your telephonic inquiry with regard to the power policy of the Tennessee Valley Authority in its dealings with municipalities.





## COMPLAINANTS' EXHIBIT No. 480 (Excluded)

The authority has thus far entered into a formal contract only with the City of Tupelo, Mississippi, although there are pending a large number of other applications by municipalities for power. At your request I am enclosing six copies of the Tupelo contract. Subject to a number of minor changes, and to the addition of such provisions as will inevitably be necessary to meet local conditions, the contract may be considered to represent the power policy of the Authority.

The statement has been made by interested parties that the contract is defective, in that (a) it does not permit the charging of rates high enough to permit successful operation and (b) that it does not permit the charging of rates low enough to meet competition. I shall discuss these two objections separately.

The contract is in three parts, the contract proper, a schedule of rates and charges, and a schedule of rules and regulations, both of the schedules being made a part of the contract by reference. Section 6 of the contract requires that the contracting municipality shall not depart from the schedule of re-sale rates fixed by the Authority, without the Authority's consent. However, by reference to the schedule of rates it will be seen that there is a provision in both the commercial and industrial rates for a surcharge, as provided in Section 6 of the Rules and Regulations (page 2 of Rules and Regulations). The surcharge provisions, as a part of the contract, qualify the prohibition against changing re-sale rates without the Authority's consent, since the surcharge is a part of the schedule of rates and charges, and the application of a surcharge would, therefore, not be a departure from the schedule. The surcharge provision authorizes the municipality to fix the amount of the surcharge in its own discretion and to vary such surcharge [fol. 2978] from time to time in the same manner, subject to the two conditions that the surcharge shall be applied uniformly, and that all profits shall be applied to the reduction or elimination of such surcharge. Initially there is no formal control of the amount of the surcharges, although of course informally the Authority will attempt to limit it to actual requirements. As soon as the results of operation under the surcharges can be determined, the contract formally operates to restrict surcharges to such requirements.

## COMPLAINANTS' EXHIBIT No. 480 (Excluded)

It can thus be seen that while the Authority proposes, by every type of cooperation in its power, to make it possible for all municipalities to render profitable service at its standard re-sale rates, municipalities are authorized to increase these basic rates as may be necessary for business-like and economical operation. In the contract with the City of Tupelo no provision was made for surcharging the residential rate, but this was due to the fact that the engineers of the City of Tupelo and of the Authority agreed that such surcharges were not necessary for the profitable operation of the Tupelo plant. The City of Tupelo has a population of about 6000, and has maintained a successful municipal distribution system for many years. Where such surcharges are necessary they will be permitted are, indeed explicitly authorized in the contract, but I am confident that they will not be required except in smaller municipalities. To repeat, however, they are authorized wherever they are necessary.

You will notice that Section 6 of the Rules and Regulations requires that all profits are to be used for the elimination of surcharges. This Section makes liberal provision for the requirements of municipalities before any revenues are considered applicable to the reduction of surcharges or of the basic rates. Municipalities must pay all operating expenses, interest and amortization on the indebtedness, funded or otherwise, set up reserves for new construction and for other contingencies, and pay to the general fund of the municipality an amount in lieu of taxes at rates equivalent to the taxes assessed against other property of a similar nature, and may pay in addition a return on the municipality's equity of not more than six per cent per annum. Thus, reading the contract as a whole, it will be seen that the municipality is authorized to charge such surplus-es as may be necessary, not merely for the actual expenses of operation, but also for a return on the municipality's equity, and for payments to its general fund in lieu of taxes. These authorized appropriations take care of every conceivable requirement for successful operation.

With reference to the assertion that the contract does not authorize the charging of rates low enough to meet competitive conditions, it must be pointed out that the City of Tupelo owns its own distributing plant, and is, therefore,

## COMPLAINANTS' EXHIBIT No. 480 (Excluded)

free from competition. In the circumstances it was not necessary to insert in this contract a provision for meeting [fol. 2979] competitive rates. The purpose of Section 6 of the contract, requiring the approval of the Authority for all changes in rates except as they may be increased under the surcharge provision, is to enable the Authority to supervise rate reductions to prevent discrimination between consumers. As you will see from Section 10 (b) of the Rules and Regulations, reductions are not only authorized, but are required when earnings are in excess of the amounts necessary for the specified appropriations. We expect that as low rates increase consumption, many municipalities will be able to reduce their rates substantially below the Authority's basic resale rates. The contract in its present form (Section 6) in a general way covers the requirements of competitive situations in that there is no limitation upon the reductions which can be made with the approval of the Authority, and the Authority has a very deep interest in seeing to it that its municipal customers operate successfully under competition. However, contracts with municipalities subject to competition will doubtless contain a specific provision granting maximum flexibility in competitive operations.

I have read in the public press a statement by a protestant to the application of the City of Knoxville in which it was contended that the reference to surplus power in the preamble to the contract in some way limited the obligation of the Authority. An examination of the contract shows that this statement is utterly without foundation. The preamble adopts the words of the Tennessee Valley Authority Act in its use of the term surplus power, but under the Act all power is "surplus" which is not needed for the operation of the locks at Wilson Dam and for certain other narrowly specified purposes. The terms of the preamble are intended to provide a background for the contract, not to qualify it. In Section 2 of the contract the Authority covenants to supply absolutely firm power, and the Authority is in a position to supply firm power in tremendous quantities. If the Authority should enter into a contract with the City of Knoxville, such contract will provide for firm power in any amount which the City is capable of absorbing.

COMPLAINANTS' EXHIBIT No. 480 (Excluded)

If I can be of further service to you, please feel free to call upon me.

Sincerely yours, Tennessee Valley Authority, Joseph C. Swidler, Power Attorney.

[fol. 2980] COMPLAINANTS' EXHIBIT No. 481 (Excluded)

December 22, 1933.

Mr. Joseph C. Swidler, Power Attorney, Tennessee Valley Authority, Knoxville, Tennessee

DEAR MR. SWIDLER:

This will acknowledge receipt of your letter of December 20th confirming our telephone conversation. The information contained is very helpful and your courtesy and promptness are greatly appreciated.

Sincerely yours, K. S. Wingfield.

[fol. 2981] COMPLAINANTS' EXHIBIT No. 482 (Excluded)

October 24, 1934.

Mr. V. D. L. Robinson, Administrative Assistant, Tennessee Valley Authority, Knoxville, Tennessee

DEAR MR. ROBINSON:

This will acknowledge your letter of October 17 enclosing copy of Statistical Bulletin No. 1, Development and Utilization of Electricity in Tupelo, Mississippi, referred to in Mr. Lilienthal's letter of September 27 relative to the Muscle Shoals electric project (Docket No. 6648).

Very truly yours, Henry T. Hunt, Chairman for the Administrator.



[fol. 2982] COMPLAINANTS' EXHIBIT No. 483 (Excluded)

Federal Emergency Administration of Public Works  
Washington, D. C.

Resolution for Special Board

Subject: Docket No. 6587, Decatur, Alabama

Whereas the Electric Power Board of Review and the Deputy Administrator recommend that the project of the city of Decatur, Alabama, for the construction of an electrical distribution system, including the low side of the substation and equipment, be included in the comprehensive program of public works for the reason, among others, that the Tennessee Valley Authority has acquired the necessary transmission lines to serve said distribution system and the financing of said project will aid said Authority in obtaining a market for its electrical energy:

Resolved that said project be included in the comprehensive program and that the sum of \$350,000 (of which not to exceed \$100,000 shall be a grant) be allotted to finance the accomplishment thereof, subject to the execution of a contract satisfactory to the Administrator and in accord with the recommendations of the Electric Power Board of Review dated June 22, 1934, as amended by its report of July 30, 1934.

Board approval Aug. 15, 1934.

Presidential approval Aug. 16, 1934.

F. C. H.

[fol. 2983] COMPLAINANTS' EXHIBIT No. 484

The attached table showing PWA allotments for electric and gas projects is intended to be a complete record of all of the allotments made by the Public Works Administration from the various appropriations that have been made for such projects. Some of these may have been changed or dropped and officials now state that the "President's Budget Statement," from which extract as to these public works projects was sent you on October 19, represents what the Administration probably will trim its program down to.



## COMPLAINANTS' EXHIBIT No. 484

The complete record attached is therefore only of value for the items actually given. This does not necessarily mean that the allotment has been or will be taken up by the applicant or that the PWA considers itself obligated to make the allotment regardless of whether it is or is not included in the President's Budget Statement. It is chiefly of value to show the projects in litigation under construction or completed.



# CORRECTED TO OCTOBER 1, 1937

TABLE 1

## FEDERAL ALLOCATIONS FOR ELECTRIC POWER PROJECTS

AS OF SEPTEMBER 1, 1937

\*INDICATES GENERATING PLANT AND/OR DISTRIBUTION SYSTEM WHERE NONE WAS PUBLICLY OWNED AT TIME OF ALLOCATION.

ASTERISK (\*) INDICATES COMBINED PROJECT. PART OF THE FUNDS WILL BE USED FOR IRRIGATION, FLOOD CONTROL, ETC.

ASTERISK (\*\*) INDICATE SUBSTANTIAL COMPLETION.

PROJECT NO.	LOCATION	DATE OF ALLOCATION	POWER ALLOCATION	(1) LOAN (2) GRANT	TYPE OF PROJECT	CONSTRUCTION STARTED	IN LITIGATION	COMPLETED	REMARKS: 40% - GRANT FROM U.S.A. 30% - GRANT FROM U.S.A. UNLESS OTHERWISE EXPLAINED
<b>ALABAMA</b>									
1124-P	Sheffield	11/25/33	\$ 52,000.	0	New	3/27/37	Federal		30% TVA
6462-P-2	Opelika	11/25/34	29,000.	100	New		Federal		40% TVA
6467-P	Dothan	8/15/34	350,000.	100	New		Federal		30% TVA
6411-P-2	Enterprise	9/25/35	60,000.	100	New		Federal		40% TVA
6404-P-2	Wheeler	9/25/35	32,727.	100	New	2/1/37	Federal	**	40% TVA
7030-P-2	Anniston	9/25/35	125,496.	100	New		Federal		40% TVA
7361-P-2	Enterprise	9/25/35	87,272.	100	New		Federal		40% TVA
7312-P-2	Tuscaloosa	9/25/35	329,091.	100	New		Federal		40% TVA
7677-P-2	Decatur	9/25/35	1,236,182.	100	New		Federal		40% TVA
<b>ALASKA</b>									
6279-P	Barrow	6/20/34	120,000.	100	New	8/6/37			30%
<b>ARIZONA</b>									
9061-P	Phoenix	8/23/34	22,500.	100	New	9/11/35			30%
<b>ARKANSAS</b>									
3005-P-2	Fayetteville	9/11/35	190,000.	100	New		Federal		40%
<b>CALIFORNIA</b>									
1409-P	San Francisco	10/12/33	1,054,000.	0	Additional	5/13/35			30%
2620-P	San Jose	11/29/33	15,000.	0	Additional	1/19/34			30%
2737-P	Stanislaus Co.	6/27/34	61,000.	100	Additional	11/2/35		9/26/34	30%
Calif. 1049-P-2	Vallejo	11/19/35	205.	0	Institution	3/9/36		3/25/36	30%
Calif. 1086-P-2	Imperial I. D.	11/23/36	2,760,000.	100	New			10/12/36	40%
Calif. 1095-P-2	Oriskany	9/25/35	340.	0	Institution	1/1/36	Federal		40%
Calif. 1112-P-2	San Francisco	9/25/35	9,060.	0	Additional	12/15/35		5/29/36	40%
Calif. 1162-P-2	San Francisco	8/24/37	4,000,000.	0	New			7/1/37	40%
Calif. 1266-P-2	San Francisco	7/21/36	11,250.	0	Additional	10/26/36		6/5/37	30%
Calif. 1407-P-2	Alameda	9/25/35	87,940.	0	Additional	1/6/36		10/24/36	40%
<b>CONNECTICUT</b>									
6206-P	Pt. Morgan	6/20/34	23,500.	0	Additional	1/22/35		6/20/35	30%
<b>CONNECTICUT</b>									
Conn. 1044-P-2	Wilford	9/25/35	450.	0	Institution	12/16/35		6/29/37	40%
<b>DELAWARE</b>									
Del. 1016-P-2	Wilford	9/25/35	33,500.	0	Additional	1/7/36		9/18/36	40%
<b>FLORIDA</b>									
700-P	Pt. Pierce	8/2/33	34,000.	100	Additional	8/2/33			30%
3215-P-2	Lakeland	7/21/36	30,980.	0	Additional	11/2/36			40%
Fla. 1035-1-P-2	Jacksonville	11/19/35	76,909.	0	Additional	9/4/36		11/25/36	40%
Fla. 1057-2-P-2	River Junction	9/25/35	65,454.	100	New	8/18/36			40%
Fla. 1093-2-P-2	Vero Beach	11/14/35	72,303.	100	Additional	6/22/36			40%
Fla. 1162-P-2	Pt. Pierce	9/25/35	212,730.	100	Additional	12/14/36			40%
Fla. 1257-P-2	Homestead	11/19/35	40,837.	100	Additional	4/25/36		6/30/37	40%
Fla. 1266-P-2	Lakeland	9/21/36	8,400.	0	Additional	11/30/36		6/4/37	40%
Fla. 1300-P-2	Barter	9/25/35	154,100.	100	Additional	7/6/36		6/8/37	40%
Fla. 1377-P-2	Chattahoochee	8/25/37	107,410.	0	Institution				40%
<b>MISSISSIPPI</b>									
714-P	Meridian	10/24/33	45,000.	100	Institution	1/24/35		4/2/37	30%
1015-P	Meridian	10/19/33	6,300.	0	Additional	11/8/33		7/13/34	30%
On. 1020-P-2	Meridian	11/11/35	675.	0	Transmission				30%

6611-P-2	Barstow	9/25/35	60,000.	L&O	New	2/1/37	Federal		30% TFA
6648-P-2	Beale Shoals	9/25/35	32,727.	L&O	New		Federal		30% TFA
7032-P-2	Beaumont	9/25/35	125,454.	L&O	New		Federal		30% TFA
7361-P-2	Chattanooga	9/25/35	87,272.	L&O	New		Federal		30% TFA
7512-P-2	Chattanooga	9/25/35	329,091.	L&O	New		Federal		30% TFA
7677-P-2	Decatur	9/25/35	1,238,142.	L&O	New		Federal		30% TFA
6279-P	ALABAMA								
	Board	6/20/34	120,000.	L&O	New	8/6/37			30%
9021-P	ARIZONA								
	Shovel	8/23/34	22,500.	L&O	New	9/11/35			30%
9005-P-1	ARKANSAS								
	Paragould	9/11/35	190,000.	L&O	New		Federal		30%
1403-P	CALIFORNIA								
2629-P	San Francisco	10/12/33	1,054,000.	O	Additional	5/13/35			30%
2751-P	San Jose	11/29/33	35,000.	O	Additional	1/19/34			30%
1009-P-2	Stanislaus Co.	6/27/34	65,000.	L&O	Additional	11/2/35		9/26/34	30%
1008-P-2	Vallejo	11/19/33	205.	O	Institution	3/9/36		3/25/36	30%
1095-P-2	Imperial I. D.	11/23/36	2,760,000.	L&O	New		Federal	10/12/36	30%
1132-P-2	Orick	9/25/35	340.	O	Institution	1/1/36		5/29/36	30%
1165-P-2	San Francisco	9/25/35	9,060.	O	Additional	12/15/35		7/1/37	30%
1166-P-2	Marquette	4/24/37	4,000,000.	O	New				30%
1206-P-2	Esperanza Beach	7/21/36	11,250.	O	Additional	10/26/36		6/5/37	30%
1407-P-2	Alameda	9/25/35	87,940.	O	Additional	1/6/36		10/24/36	30%
8808-P	COLORADO								
	Pt. Morgan	6/20/34	25,500.	O	Additional	1/22/35		6/20/35	30%
1044-P-2	CONNECTICUT								
	Milford	9/25/35	450.	O	Institution	12/16/35		6/29/37	30%
1016-P-2	DELAWARE								
	Milford	9/25/35	33,500.	O	Additional	1/7/36		9/18/36	30%
708-P	FLORIDA								
9215-P-2	Pt. Pierce	8/2/33	34,000.	L&O	Additional	8/2/33			30%
1035-1-P-2	Lakeland	7/23/36	10,940.	O	Additional	11/2/36			30%
1035-2-P-2	Jacksonville	11/19/35	75,909.	O	Additional	4/4/36		11/25/36	30%
1035-3-P-2	River Junction	9/25/35	65,454.	L&O	New	8/18/36			30%
1035-4-P-2	Vero Beach	11/14/35	72,303.	L&O	Additional	6/22/36			30%
1182-P-2	Pt. Pierce	9/25/35	212,730.	L&O	Additional	12/14/36			30%
1257-P-2	Homestead	11/19/35	40,837.	L&O	Additional	4/25/36		6/30/37	30%
1258-P-2	Lakewood	9/21/36	4,400.	O	Additional	11/30/36		6/4/37	30%
1302-P-2	Barlow	9/25/35	154,100.	L&O	Additional	7/6/36		6/4/37	30%
1377-P-2	Chattahoochee	8/25/37	107,410.	O	Institution				30%
714-P	GEORGIA								
1015-P	Holdenville	10/24/33	45,000.	L&O	Institution	1/24/35		4/2/37	30%
1020-P-2	Macon	10/19/33	6,300.	O	Additional	11/8/33		7/15/34	30%
1033-P-2	Waynesboro	11/11/35	675.	O	Transmission	3/9/36		9/24/36	30%
1121-P-2	Perdue	11/27/35	2,500.	O	Additional	2/17/36		12/31/36	30%
1152-P-2	Fort Valley	9/25/35	2,107.	O	Additional	1/14/36		7/10/36	30%
1156-P-2	Milledgeville	9/25/35	20,200.	O	Additional	3/30/36		9/17/36	30%
1174-P-2	Statham	9/25/35	8,100.	O	Institution	6/4/36			30%
1174-P-2	Statham	9/25/35	157.	O	Institution	1/21/36		3/9/36	30%
64-1248-3-P-2	Atlanta	12/7/35	14,425.	O	Institution	3/24/36			30%
6695-P	IDAHO								
1113-P-2	Coeur D'Alene	7/18/34	379,809.	L&O	New		Federal		30%
	Soda Springs	9/25/35	19,636.	O	Additional	8/21/36		12/16/36	30%

TABLE 1

## FEDERAL ALLOCATION FOR IRRIGATION POWER PROJECTS

AS OF SEPTEMBER 1, 1957

"NEW" INDICATES GENERATING PLANT AND/OR DISTRIBUTION SYSTEM WHERE NONE WAS PUBLICLY OWNED AT TIME OF ALLOCATION.  
 ASTERISK (\*) INDICATES COMBINED PROJECT. PART OF THE FUNDS WILL BE USED FOR IRRIGATION, FLOOD CONTROL, ETC.  
 ASTERISK (\*\*) INDICATES SUBSTANTIAL COMPLETION.

PROJECT NO.	LOCATION	DATE OF ALLOCATION	POWER ALLOCATION	(1) LOAN (2) GRANT	TYPE OF PROJECT	CONSTRUCTION STARTED	IN LITIGATION	COMPLETED	REMARKS: 30% - GRANT FROM U.S.A. 30% - GRANT FROM U.I.R.A. UNLESS OTHERWISE EXPLAINED
ILLINOIS									
755-PP	Springfield	9/19/35	\$ 34,300.	0	Additional	10/6/35	Federal	1/23/36	30%
1116-PP	Elgin	10/3/35	19,100.	0	Institution	4/2/36		11/21/36	30%
3570-P	Carr-in-Bank	4/15/36	23,000.	140	New	1/13/36		5/4/36	30%
6162-P	Lockport	6/20/36	250,000.	0	Additional	11/25/36		12/10/36	30%
6113-P	Peoria Co.	3/7/36	25,800.	0	Institution	7/24/35		7/30/36	30%
6955-P	Centralia	6/20/36	477,000.	220	New				30%
6970-P	Highland	6/20/36	25,000.	0	Additional	10/15/36		9/25/35	30%
7975-PP	Alton	7/12/36	1,100.	140	Additional	3/14/35		9/3/35	30%
8206-P-2	Jacksonville	9/12/35	420,000.	140	New				30%
111. 1053-P-2-S	O'Fallon	8/24/37	75,800.	0	New			Federal	
111. 1221-P-2	Metropolis	9/25/35	25,800.	0	Additional	3/21/36	2/19/37		30%
111. 1636-PP-2	E. St. Louis	11/23/36	7,265.	0	Additional	3/23/37	4/30/37		30%
INDIANA									
935-PP	Albion	10/24/35	9,000.	0	Additional	1/11/35		11/28/35	30%
938-P	Terre Haute	10/3/35	20,000.	0	Additional	4/12/36		8/18/36	30%
9920-P	Columbia City	12/28/35	25,000.	0	Additional	3/19/36		11/22/36	30%
6015-PP	Green Point	4/11/36	7,000.	0	Additional	8/17/35		4/3/36	30%
Ind. 1025-P-2	Gothen	8/19/35	24,250.	0	Additional	9/29/35		4/25/36	30%
Ind. 1079-PP-2	Commerceville	12/16/35	35,400.	0	Institution	3/29/36		4/25/37	30%
Ind. 1090-PP-2	Bloomington	9/12/35	4,300.	0	Institution	10/30/35		9/15/36	30%
Ind. 1127-PP-2	Bloomington	9/25/35	31,300.	0	Institution	1/30/36		9/25/36	30%
Ind. 1131-P-2	Stiffen	11/14/35	11,250.	0	Additional	5/6/36		8/29/36	30%
Ind. 1134-P-2	Brown	9/11/36	13,095.	0	Additional	12/28/36			30%
Ind. 1173-P-2	St. Wayne	9/25/35	49,030.	0	Additional	1/20/36	Federal	1/27/37	30%
Ind. 1185-P-2	Decatur	11/14/35	49,800.	0	Additional	6/22/36		2/10/37	30%
Ind. 1215-PP-2	Bloomer	1/3/36	10,850.	0	Additional	4/13/36		9/25/36	30%
Ind. 1346-P-2	Portland	8/20/36	87,000.	0	Additional	10/1/36			30%
IOWA									
839-P	Delaware	9/19/35	6,300.	0	Additional	4/24/36	Federal	8/22/36	30%
3051-PP	Blux Center	12/28/35	700.	0	Institution	7/25/36		10/24/36	30%
3421-P	Independence	4/4/36	18,400.	0	Additional	8/21/36		12/3/36	30%
3831-P	Linn	12/19/36	97,000.	140	New				30%
1256-P-2-S	Morning Sun	8/24/37	25,200.	0	New		State		30%
1309-P-2	Hopkinton	9/25/35	30,600.	0	New	6/14/37			30%
1341-P-2	Ogden	9/25/35	26,900.	0	New	6/23/36			30%
1345-P-2	Edin	9/25/35	50,900.	140	New				30%
KANSAS									
2117-PP	Chanute	11/2/35	26,000.	0	Additional	3/2/36	Federal	1/31/35	30%
2759-PP	Salina	11/21/35	1,500.	0	Institution	12/4/35		4/4/36	30%
2929-P	McPherson	12/28/35	7,800.	0	Additional	10/22/36		4/12/35	30%
3286-P	Anthony	12/26/35	18,700.	0	Additional	8/25/36		3/6/35	30%
3906-P	Angus	12/28/35	6,000.	0	Additional	2/14/36		4/25/36	30%
4677-P	McPherson	2/7/36	64,000.	0	Additional	7/2/36		12/14/35	30%
7450-P	Burlington	6/20/36	3,200.	0	Additional	9/25/35		8/4/36	30%
9005-P-2	Wichita	9/12/35	2,050.	0	New	9/11/36			30%
Kans. 1042-P-2	Holington	11/18/35	190,000.	140	New				30%
Kans. 1085-PP-2-S	Strong	7/21/36	6,750.	0	Additional	9/30/36		8/26/37	30%
Kans. 1090-P-2	Burlington	9/25/35	23,057.	0	Additional	12/20/35	State	6/11/36	30%
Kans. 1101-P-2	Verdugo	7/21/36	8,528.	0	New	10/30/36		3/23/37	30%
Kans. 1103-PP-2	Coffeyville	5/29/35	600.	0	Additional	12/21/35		7/23/37	30%
Kans. 1112-P	Iola	12/16/35	15,807.	0	Additional	3/30/35		9/15/36	30%
Kans. 1122-P-2	McPherson	11/18/35	45,000.	0	Additional	4/7/36		6/20/36	30%
Kans. 1144-P-2	Boys	1/15/36	4,900.	0	New	4/14/36			30%
Kans. 1190-P-2-S	Wellington	7/21/36	57,202.	0	Additional	9/28/36			30%
Kans. 1232-P-2	Coffeyville	9/21/36	90,000.	0	Additional	11/21/36			30%
Kans. 1300-P-2-S	St. Francis	8/24/37	40,000.	0	Additional				30%
Kans. 1344-PP-2-S	Kansas City	8/25/37	27,613.	0	Additional				30%
MASSACHUSETTS									
309-P	Middleboro	12/7/35	91,000.	0	New		State		30%
8875-PP	Marehead	12/12/36	140,650.	140	Institution	8/12/35		11/20/36	30%
Ex. 1215-P-2-S	Williamstown	8/24/37	26,100.	140	New				30%
LOUISIANA									
4384-PP	New Orleans	6/24/36	15,000.	140	Institution	4/8/35			30%
MA 1012-1-P-2-S	Metairie	9-18-37	102,400	0	Additional				30%

SUIT DROPPED

TABLE 1

## FEDERAL ALLOCATIONS FOR RENEWING POWER PROJECTS

AS OF SEPTEMBER 1, 1957

"NEW" INDICATES GENERATING PLANT AND/OR DISTRIBUTION SYSTEM WHERE NONE WAS PREVIOUSLY OWNED AT TIME OF ALLOCATION.  
 APPLICABLE (\*) INDICATES COMBINED PROJECT. PART OF THE FUNDS WILL BE USED FOR REPAIRS, PLANT CONTROL, ETC.  
 APPLICABLE (\*\*) INDICATES SUBSTANTIAL COMPLETION.

PROJECT NO.	LOCATION	DATE OF ALLOCATION	POWER ALLOCATION	(L) LOAN (G) GRANT	TYPE OF PROJECT	CONSTRUCTION STARTED	IS L. P. COMPLETED	REMARKS: * - GRANT FROM U.S.A. ** - GRANT FROM I.I.R.A. UNLESS OTHERWISE EXPLAINED	
ALABAMA									
391-G 2401-G 4950-G 3955-G Mich. 1017-G-2 Mich. 1031-G-2 Mich. 1079-G-2 Mich. 1242-G-2 Mich. 1267-G-2 Mich. 1328-G-2-G	Decatur Allagon Monticello Dothan Etowahville Dothan Dothan Dothan Dothan Dothan Monticello	8/24/37 11/29/33 6/20/34 12/24/35 9/25/35 12/19/35 9/25/35 9/25/35 9/25/35 10/10/36 8/24/37	\$ 187,500. 449,000. 805,000. 302,000. 29,400. 238,100. 40,000. 13,930. 21,100. 45,340.	100 100 100 100 0 0 0 0 0 0	New New New Additional Additional Additional Additional New Additional Additional	  6/30/35  4/7/36 6/18/36 1/13/36 6/18/36 1/30/37	 Federal Federal         Federal Federal Federal	  6/11/37  12/15/36  9/4/36 12/6/36 7/30/37	  YOG YOG YOG YOG YOG YOG YOG YOG YOG YOG
ALABAMA									
1198-G 1404-G 3719-G 5119-G 5272-G 5628-G 7442-G-2 7656-G-2 Mich. 1101-G-2 Mich. 1111-G-2 Mich. 1145-G-2 Mich. 1210-G-2 Mich. 1451-G-2 Mich. 1453-G-2-G	Elmer North Alamogordo Bohli Arctic Whitson Litkefield Glenn Prudhoe Portsmouth Barrow Lake Chukotka Jeuneville Northwood Lake Crystal	10/27/33 10/19/33 2/7/34 4/11/34 2/14/34 3/21/34 9/25/35 9/25/35 12/14/35 9/25/35 9/25/35 9/25/35 9/25/35 8/24/37	30,500. 26,500. 5,500. 46,000. 900. 18,000. 67,900. 416,900. 51,750. 25,200. 11,400. 3,400. 17,400. 44,950.	0 0 100 0 0 0 0 100 0 0 0 0 0 0	Additional Additional Additional Additional Installation Additional New New Installation Installation Installation New Additional New	 2/17/34 12/21/33 7/30/34 7/24/34 9/6/34 4/24/34  4/16/36 11/18/36 12/20/35  7/10/36	       Federal Federal      Federal       Federal	  8/3/34 12/14/34 1/31/35 3/5/35 9/30/34 10/22/34  12/12/36  9/4/36 4/10/37	  YOG YOG YOG YOG YOG YOG YOG YOG YOG YOG YOG YOG YOG YOG
ARKANSAS									
4251-G Mich. 1026-G-2 Mich. 1135-G-2 Mich. 1205-G-2	Bartlesville Starkville Chulawa Aberdeen	12/28/33 9/25/35 9/25/35 11/14/35	7,000. 117,999. 38,181. 120,000.	100 100 100 100	Installation New Additional New	6/12/34  3/9/36	 Federal Federal Federal	 8/28/34 2/27/37	 YOG YOG YOG YOG
CALIFORNIA									
2477-G 2772-G 2895-G 4050-G 4056-G 5131-G-2 5646-G 5904-G Mich. 1001-G-2 Mich. 1111-G-2 Mich. 1134-G-2 Mich. 1157-G Mich. 1204-G-2 Mich. 1328-1-G-2-G	Emmett California Marine City Truman La Plata Jefferson Hannibal Independence Camden Valdalia Marion Marshall Thayer Rock Port	1/23/34 12/28/33 6/20/34 6/20/34 7/18/34 6/20/34 6/20/34 6/20/34 6/25/35 8/23/37 9/25/35 12/14/35 1/3/36 8/24/37	140,000. 145,000. 17,000. 88,000. 100,000. 140,000. 81,000. 92,500. 9,700. 1,125. 36,000. 68,545. 71,735. 47,250.	100 100 0 0 100 100 0 0 0 0 0 0 100 0	New New Additional New New Installation Additional Additional Installation Additional Additional Additional New New	  8/4/34 10/29/34 Started  5/27/35 2/28/35 2/11/35 10/4/35  3/16/36 9/9/36	  Federal Federal         Federal       Federal	  12/31/34 9/26/35   11/25/35 4/2/36 4/9/37  1/7/37	  YOG YOG YOG YOG YOG YOG YOG YOG YOG YOG YOG YOG YOG YOG
CONNECTICUT									
Mich. 1114-G-2-G	Stamford	8/23/37	17,300.	100	Transmission			YOG	
DELAWARE									
573-G 665-1-G 665-2-G-2 1132-G 1751-G-2 3400-1-G-2 3400-2-G-2-G 3953-G 4082-G 5055-G-2 Mich. 1088-G-2 Mich. 1115-G-2 Mich. 1117-G-2 Mich. 1163-G-2	Flatts Valley PPAID Loop River PPD Loop River PPD Freemant *Loop R. PPAID Tri-County Tri-County Madison Hartings Mid-Loop PPAID West Point Woodlawn Imperial Alliance	11/2/33 11/14/33 10/24/36 10/19/33 6/19/36 10/2/35 6/26/37 12/28/33 1/11/34 6/19/36 12/27/35 9/25/35 9/25/35 9/25/35	*10,165,000. 4,700,000. 2,314,000. 7,300. 278,180. *10,000,000. *20,096,000. 8,000. 48,600. 350,000. 9,225. 9,000. 13,500. 9,400.	100 100 100 0 100 100 100 100 100 100 100 100 100 100	New New Transmission Additional New New Additional Additional Additional New Additional Additional Additional Additional	9/18/34 10/15/34 3/15/37 12/14/33 11/2/36 2/6/36  8/25/34 11/6/34 12/5/36 5/8/36 7/30/36 2/10/36	 Federal Federal      Federal Federal      Federal	  3/22/34     1/26/35 12/31/35 10/14/36  12/14/36	  YOG Electr. Grid YOG Electr. Grid YOG Electr. Grid YOG YOG Electr. Grid YOG Electr. Grid YOG Electr. Grid YOG YOG YOG Electr. Grid YOG YOG YOG YOG





### FEA ALIGNMENTS FOR MAGNETIC POWER PROJECTS

\*\*\* INDICATES GENERATING PLANT AND/OR DISTRIBUTION SYSTEM WHERE MORE WAS PUBLICLY OWNED AT TIME OF ALLOTMENT.  
 \* (\*) INDICATES COMPLETED PROJECT. PART OF THE FUNDS WILL BE USED FOR IRRIGATION, FLOOD CONTROL, ETC.  
 \*\* (\*\*) INDICATES SUBSTANTIAL COMPLETION.

[illegible]

[illegible]

TABLE 1

## TVA ALLOCATIONS FOR ELECTRIC POWER PROJECTS

AS OF SEPTEMBER 1, 1937

"NEW" INDICATES GENERATING PLANT AND/OR DISTRIBUTION SYSTEM WHERE NONE WAS PUBLICLY OWNED AT TIME OF ALLOCATION.  
 Asterisk (\*) INDICATES COMBINED PROJECT. PART OF THE FUNDS WILL BE USED FOR IRRIGATION, FLOOD CONTROL, ETC.  
 Asterisks (\*\*) INDICATE SUBSTANTIAL COMPLETION.

PROJECT NO.	LOCATION	DATE OF ALLOCATION	POWER ALLOCATION	(1) LOAN (2) GRANT	TYPE OF PROJECT	CONSTRUCTION STARTED	IN LITIGATION	COMPLETED	REMARKS: 30% - GRANT FROM E.I.B.A. 30% - GRANT FROM E.I.B.A. UNLESS OTHERWISE EXPLAINED
<b>MAINE ISLAND</b>									
4299-P	Howard	6/20/34	\$ 11,800.	0	Institution	10/1/36			30%
5138-P	State of E. I.	6/24/34	4,000.	0	Institution	7/15/36		6/30/37	30%
5504-P	Kingston	6/20/34	300.	0	Institution	10/1/35		10/7/36	30%
E.I. 1002-1-P-E	State - Howard	9/25/35	153,500.	0	Institution	2/27/36			30%
E.I. 1044-P-E	Wallus Lake	9/25/35	77,700.	0	Institution	2/17/36			30%
<b>SOUTH CAROLINA</b>									
3972-P	Greenwood County	7/18/34	2,852,000.	140	New		Federal		30%
4329-P-E	Santee-Cooper	10/2/35	5,000,000.	140	New		Federal		30%
<b>SOUTH DAKOTA</b>									
2515-P	Tambon	12/28/33	2,400.	140	Additional	9/5/34		12/20/34	30%
S.D. 1129-P-E	Pierre	8/20/36	15,200.	0	Additional	9/28/36		5/7/37	30%
S.D. 1144-P-E	Flandreau	10/20/36	75,000.	0	New		State		30%
<b>TENNESSEE</b>									
2623-P	Memphis	12/5/33	9,490.	140	Additional	5/1/34		3/31/35	30%
3289-P	Knoxville	12/24/33	2,600,000.	140	New		Federal		30%
5449-P-E	Louisburg	9/25/35	100,000.	140	New		Federal		30%
5997-P-E	Columbia	9/25/35	204,000.	140	New		Federal		30%
7070-P	Nashville	6/27/34	2,385.	0	Additional	7/9/35		12/2/36	30%
Tenn. 1105-P-E	Chattanooga	8/24/37	4,330,000.	140	New		Federal		30%
Tenn. 1107-P-E	Memphis	10/30/36	3,098,000.	0	New	2/15/37	Federal		30%
Tenn. 1119-P-E	Knoxville	10/27/36	29,000.	140	New		Federal		30%
Tenn. 1110-P-E	Paris	9/25/35	135,000.	0	New		Federal		30%
Tenn. 1183-P-E	Knoxville	11/11/35	5,000.	140	Additional	4/17/36		9/22/36	30%
Tenn. 1184-P-E	Knoxville	8/20/36	94,000.	0	Institution	9/28/36			30%
Tenn. 1192-P-E	Lenoir City	9/25/35	52,727.	140	Additional		Federal		30%
Tenn. 1247-P-E	Jackson	10/24/36	663,500.	140	New		Federal		30%
Tenn. 1256-P-E	Fayetteville	11/19/36	67,050.	0	New		State		30%
Tenn. 1268-P-E	Clarksville	8/24/37	112,500.	0	New		Federal		30%
<b>TEXAS</b>									
341-P	Pecos	10/16/33	260,600.	140	New	4/2/34			30%
380-P-E	L. Colo. Riv. Auth.	5/24/34	75,000,000.	140	New	4/9/36	Federal		30%
1164-P-E	Brownsville	10/12/33	121,875.	0	Additional	4/22/35			30%
1866-P	Seguin	12/26/33	30,500.	0	Additional	5/14/34		2/7/35	30%
2329-P	Littlefield	6/20/34	19,600.	140	Institution	3/28/35		8/2/35	30%
4733-P	Clackam	2/24/34	1,300.	0	Institution	9/28/34			30%
8406-P	Fort Worth	8/5/35	16,480.	140	New	7/2/36			30%
9312-P	Liberty	4/17/35	95,200.	140	New		Federal		30%
Tex. 1408-P-E	Brownsville	11/19/36	140,000.	0	New		Federal		30%
Tex. 1461-P-E	Leonard	9/25/35	32,727.	0	New		Federal		30%
Tex. 1476-P-E	Yorktown	9/25/35	45,000.	0	New		Federal		30%
Tex. 1485-P-E	Lolita	9/25/35	498.	0	Institution	9/22/36		12/30/36	30%
Tex. 1720-P-E	Flame	9/25/35	45,000.	0	New		Federal		30%
Tex. 1956-P-E	Brown Vista	1/4/36	761.	0	Institution	5/12/36			30%
Tex. 1956-P-E	Kennedy	9/25/35	9,300.	0	Institution	4/14/36		7/31/36	30%
Tex. 2004-P-E	Electra	2/4/37	221,818.	140	New		Federal		30%
<b>UTAH</b>									
6416-P	Parron City	6/20/34	25,698.	140	Additional	7/29/35		11/24/36	30%
8857-P	Murray	8/23/34	33,000.	140	Additional	10/30/34		2/4/35	30%
Utah 1052-P-E	Ephraim	1/15/36	2,000.	0	Additional	8/3/36		12/14/36	30%
<b>Vermont</b>									
2623-P	Burlington	11/14/33	3,600.	0	Additional	5/17/34		12/31/34	30%
<b>VIRGINIA</b>									
925-P	Galpeper	11/9/33	162,100.	140	New	12/11/33		2/21/35	30%
1151-P-E	Durville	8/13/35	1,529,954.	0	Additional	12/30/35			30%
1544-P	Durville	3/7/34	5,500.	0	Additional	10/30/34		5/8/35	30%
1798-P	Richmond	11/7/34	12,000.	140	Institution	11/20/35			30%





TABLE 1

## FHA ALLOCATIONS FOR ELECTRIC POWER PROJECTS

AS OF SEPTEMBER 1, 1937

"NEW" INDICATES GENERATING PLANT AND/OR DISTRIBUTION SYSTEM WHERE NONE WAS PUBLICLY OWNED AT TIME OF ALLOCATION.  
 ASTERISK (\*) INDICATES COMBINED PROJECT. PART OF THE FUNDS WILL BE USED FOR IRRIGATION, FLOOD CONTROL, ETC.  
 ASTERISK (\*\*) INDICATE SUBSTANTIAL COMPLETION.

PROJECT NO.	LOCATION	DATE OF ALLOCATION	POWER ALLOCATION	(L) LOAN (G) GRANT	TYPE OF PROJECT	CONSTRUCTION STARTED	IN LITIGATION	COMPLETED	REMARKS: 45% - GRANT FROM E. R. A. 55% - GRANT FROM E. R. A. UNLESS OTHERWISE INDICATED
N. Va. 1026-P-2	NEW VIRGINIA Fairview	9/25/35	\$ 900.	100	Institution	2/25/36		8/15/36	45%
1616-P 7320-P Wisc. 1052-P-2 Wisc. 1290-P-2	WISCONSIN Bartford Elroy Milwaukee West Allie	12/26/33 6/27/34 9/25/35 9/25/35	14,200. 1,750. 93,060. \$1,000.	0 0 0 0	Additional Additional Institution Additional	12/19/34 10/22/34 4/27/36 12/14/35		4/30/35 11/17/34 10/7/36	30% 30% 45% 45%

## SUMMARY

TYPE	ALLOCATIONS		NOT STARTED	CONSTRUCTION STARTED *	IN LITIGATION	COMPLETED
	POWER PORTION	REMARKS				
New	\$ 86,996,986	34	11	13	58	19
Additional	31,943,788	127	4	14	4	105
Transmission	2,952,445	8	1	1		6
Institution	2,388,337	53	3	17		33
Total	\$124,281,556	282	19	45	62	163

\* Seven projects in litigation are under construction and listed in both columns.



## [fol. 2990] COMPLAINANTS' EXHIBIT No. 485

Senate Document No. 184—74th Congress 2nd Session,  
entitled "Public Works Administration Allotments for Gas  
and Electric Projects."

(Original Exhibit)

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## [fol. 2991] COMPLAINANTS' EXHIBIT No. 486

Kilowatt-hours Generated in 1936 by the Electric Light and  
Power Industry

(From Edison Electric Institute Statistics)

State	Kw. Hrs. Generated Firm and Secondary
Kentucky	816,697,000
Virginia	1,445,273,000
North Carolina	1,756,513,000
Georgia	1,554,710,000
Alabama	2,595,197,000
Mississippi	68,406,000
Tennessee	1,068,792,000

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## [fol. 2992] COMPLAINANTS' EXHIBIT No. 487 (Excluded)

Chart entitled "Comparison of the Average Yields of the  
Bonds of Nine of the Complainant Companies."

(Original Exhibit)

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## COMPLAINANTS' EXHIBIT No. 488 (Excluded)

Chart entitled "Comparison of the Yield of Alabama  
Power Company 4½% Bonds, Due 1967."

(Original Exhibit)

**COMPLAINANTS' EXHIBIT No. 489 (Excluded)**

**Chart entitled "Comparison of the Yield of Appalachian Electric Power Company 5% Bonds, Due 1956."**

**(Original Exhibit)**

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**COMPLAINANTS' EXHIBIT No. 490 (Excluded)**

**Chart entitled "Comparison of the Yield of Birmingham Electric Company 4½% Bonds, Due 1968."**

**(Original Exhibit)**

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**COMPLAINANTS' EXHIBIT No. 491 (Excluded)**

**Chart entitled "Comparison of the Yield of Carolina Power & Light Company 5% Bonds, Due 1956."**

**(Original Exhibit)**

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**[fol. 2993] COMPLAINANTS' EXHIBIT No. 492 (Excluded)**

**Chart entitled "Comparison of the Yield of Memphis Power & Light Company 5% Bonds, Due 1948."**

**(Original Exhibit)**

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**COMPLAINANTS' EXHIBIT No. 493 (Excluded)**

**Chart entitled "Comparison of the Yield of Mississippi Power Company 5% Bonds, Due 1955."**

**(Original Exhibit)**

## COMPLAINANTS' EXHIBIT No. 494 (Excluded)

Chart entitled "Comparison of the Yield of Mississippi Power & Light Company 5% Bonds, Due 1957."

(Original Exhibit)

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## COMPLAINANTS' EXHIBIT No. 495 (Excluded)

Chart entitled "Comparison of the Yield of Tennessee Electric Power Company 6% Bonds, Due 1947."

(Original Exhibit)

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## COMPLAINANTS' EXHIBIT No. 496 (Excluded)

Chart entitled "Comparison of the Yield of Tennessee Public Service Company 5% Bonds, Due 1970."

(Original Exhibit)

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[fol. 2994] COMPLAINANTS' EXHIBIT No. 497

## Subpoena Duces Tecum.

The President of the United States to Tennessee Valley Authority, Greeting:

You are hereby commanded to appear before the District Court for the Eastern District of Tennessee, Northern Division, in the courtroom of the Federal Building at Chattanooga, Tennessee, on the — day of —, 1937, at — o'clock a. m., and bring with them the following documents and records, to wit:

Copy of telegram from TVA dated between January 1 and January 15, 1935, to the Governor of Alabama, stating the terms and provisions of a proposed statute to be submitted to the legislature of Alabama,

and fail not under penalty of law.

Witness the Honorable Judge of the United States District Court for the Eastern District of Tennessee, this — day of —, 1937.

— — by — —.

Let this writ issue. — —, Presiding Judge.

## [fol. 2995] COMPLAINANTS' EXHIBIT No. 498 (Excluded)

## STATE OF ALABAMA,

## Lawrence County:

Whereas, the Town of Moulton, desires to secure TVA power as soon as possible, and

Whereas, the Alabama Power Company in an agreement with TVA agreed to negotiate with the said TVA for the sale of electric distribution now serving the said Town of Moulton, Alabama, now,

Therefore, the City Council in special session hereby resolved that the Joe Wheeler Electric Membership Corporation enter into negotiation with the said Alabama Power Company for the purchase of said distribution and the rights to operate said system which is now serving the Town of Moulton, Alabama, that the town may receive the TVA power as soon as possible.

Witness our hands and seals this the 29th day of March 1937.

The Town of Moulton, Alabama, by L. W. Gentry, Mayor; Grady Smith, Alderman; C. C. McWhorter, Alderman; J. H. Anders, Alderman; Lowe Harris, Alderman; Marion Barkley, Alderman.

## COMPLAINANTS' EXHIBIT No. 499

[fol. 2996]

Annual Sales by Existing Utility Systems to Ultimate Consumers in the Year 1936  
Within 100-mile, 150-mile and 250-mile Radii from any TVA Generating  
Plant Included in the Unified Plan

Sales by TVA and its Wholesale Contractors Excluded Geographical Distribution  
of Total Sales in Part Estimated

Sales in Millions of Kilowatt-Hours

	Direct Sales	Indirect Sales*	Total Sales	Per Cent
Within 100-Mile Radius:				
Complainant Companies.....	2,214	18	2,232	60.9%
Non-Complainants.....			1,429	39.1%
Total.....			3,661	100.0%
Within 150-Mile Radius:				
Complainant Companies.....	2,643	26	2,669	37.3%
Non-Complainants.....			4,493	62.7%
Total.....			7,162	100.0%
Within 250-Mile Radius:				
Complainant Companies.....	4,439	45	4,484	33.7%
Non-Complainants.....			8,831	66.3%
Total.....			13,315	100.0%

\* Indirect Sales are sales to ultimate consumers by minor utility systems which purchase their power requirements from complainant companies.

[fol. 2997] COMPLAINANTS' EXHIBIT No. 500

## Miles of Transmission Lines of Complainant Companies

	Miles of Transmission Lines
The Tennessee Electric Power Company .....	1,544
Franklin Power & Light Company .....	—
Memphis Power & Light Company .....	56
Southern Tennessee Power Company .....	15
Birmingham Electric Company .....	4
Mississippi Power Company .....	857
Appalachian Electric Power Company .....	1,768
Carolina Power & Light Company .....	1,746
Tennessee Public Service Company .....	181
Holston River Electric Company .....	9
Alabama Power Company .....	3,435
Kentucky and West Virginia Power Company, Inc. ....	436
Kingsport Utilities, Incorporated .....	6
Kentucky-Tennessee Light & Power Company ..	568
West Tennessee Power & Light Company .....	99
Mississippi Power & Light Company .....	457
East Tennessee Light & Power Company .....	67
Tennessee Eastern Electric Company .....	66
<b>Total</b> .....	<b>11,314</b>

## COMPLAINANTS' EXHIBIT No. 501

[Vol. 2008]

## Summary of Adequacy

Principal Utility Company Systems Within 250-Miles of TVA Generating Plants Included in the Unified Plan  
Thousands of Kilowatts

Year	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
Totals for All Groups Effectively Interconnected (Groups 1 to 5 Incl.):											
Generating Capacity Owned and Leased (Name-Plate Rating)	4376	4610	5001	5065	5078	5069	5074	5069	5244	5583	5623
Load Carrying Ability (In Addition to Standby)	3098	3230	3516	3580	3581	3624	3621	3660	3897	4206	4312
Firm Peak Load	2762	2715	2579	2378	2468	2624	2877	3323	3656	3956	4077
Surplus Capacity Available Over and Above Actual and Predicted Loads (In Addition to Standby)	336	515	937	1202	1113	1000	744	346	241	416	285
Standby Provided for	868	877	378	380	380	380	379	379	393	386	366
Totals for All Groups Not Effectively Interconnected (Groups 6 to 12 Incl.):											
Generating Capacity Owned and Leased (Name-Plate Rating)	351.1	350.6	362.4	418.4	414.4	412.8	407.3	423.3	410.9	435.9	435.9
Load Carrying Ability (In Addition to Standby)	283.4	283.7	292.2	328.2	327.2	326.2	324.7	340.8	354.7	400.7	410.7
Firm Peak Load	230.3	237.2	248.2	235.7	239.3	253.4	279.6	328.6	351.7	376.6	396.4
Surplus Capacity Available Over and Above Actual and Predicted Loads (In Addition to Standby)	53.1	46.5	44.0	92.5	87.9	72.8	45.1	12.2	3.0	24.1	14.2
Standby Provided for	59.5	59.5	60.8	60.8	60.8	60.8	71.8	71.3	78.8	79.8	80.8
Totals for All Groups:											
Generating Capacity Owned and Leased (Name-Plate Rating)	4727	4961	5363	5503	5492	5482	5481	5462	5655	6019	6059
Load Carrying Ability (In Addition to Standby)	3381	3514	3906	3906	3906	3950	3946	4010	4252	4687	4723
Firm Peak Load	2992	2952	2827	2614	2707	2877	3157	3652	4008	4227	4424
Surplus Capacity Available Over and Above Actual and Predicted Loads (In Addition to Standby)	389	562	981	1294	1201	1073	789	358	244	440	299
Standby Provided for	428	437	439	441	441	441	451	450	462	466	467



3335

## COMPLAINANTS' EXHIBIT No. 502

[fol. 2999]

Detailed

## Summary of Adequacy

Principal Utility Company Systems Within 250 Miles of TVA Generating Plants Included in the Unified Plan

Thousands of Kilowatts

Sheet 1 of 7

Year	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
<b>Integrated Group 1:</b>											
Alabama Power Company											
Birmingham Electric Company (i)											
Georgia Power Company											
Gulf Power Company											
Mississippi Power Company											
South Carolina Power Company											
Southern Tennessee Power Company											
The Tennessee Electric Power Company (a)											
Generating Capacity Owned and Leased—Name-Plate Rating (b).....	1142	1271	1297	1299	1299	1295	1295	1296	1306	1331	1371
Load Carrying Ability (in addition to standby).....	746	849	885	880	886	899	902	910	919	1003	1049
Firm Peak Load (c).....	718	669	644	600	635	691	764	881	892	945	985
Surplus Capacity Available Over and Above Actual and Predicted Loads (in addition to standby).....	28	180	241	280	251	208	138	29	27	58	64
Standby Provided For.....	62	62	62	62	62	62	62	62	62	62	62
<b>Integrated Group 2:</b>											
<b>Duke Power Company:</b>											
Generating Capacity Owned and Leased—Name-Plate Rating (b).....	791	791	791	791	791	791	781	781	781	836	836
Load Carrying Ability (in addition to standby) (d).....	500	500	548	548	548	548	537	537	537	599	599
Firm Peak Load (e).....	451	453	437	418	412	405	440	487	533	531	546
Surplus Capacity Available Over and Above Actual and Predicted Loads (in addition to standby).....	49	47	111	150	136	143	97	50	4	68	53
Standby Provided For.....	64	64	64	64	64	64	63	63	63	65	65
<b>Lexington Water Power Company:</b>											
<b>South Carolina Electric &amp; Gas Company (Broad River Power Company):</b>											
Generating Capacity Owned and Leased—Name-Plate Rating (b) (f).....	81	81	211	211	211	206	206	206	206	206	206
Load Carrying Ability (in addition to standby).....	45	45	148	148	148	150	150	150	150	150	150
Firm Peak Load (g).....	34	39	139	131	134	133	136	139	143	146	148
Surplus Capacity Available Over and Above Actual and Predicted Loads (in addition to standby).....	11	6	9	17	14	17	14	11	7	4	2
Standby Provided For.....	13	13	13	13	13	13	13	13	13	13	13
<b>Total for Group:</b>											
Generating Capacity Owned and Leased—Name-Plate Rating (b).....	872	872	1002	1002	1002	337	987	987	987	1042	1042
Load Carrying Ability (in addition to standby) (h).....	545	545	653	653	653	655	644	644	644	706	706
Firm Peak Load (h).....	485	492	533	506	503	495	533	583	633	634	651
Surplus Capacity Available Over and Above Actual and Predicted Load (in addition to standby).....	60	53	120	147	150	160	111	61	11	72	55
Standby Provided For.....	77	77	77	77	77	77	76	76	76	78	78

- Notes:—(a) The complainant Franklin Power & Light Co. was interconnected with Group 1 in 1936 and thereafter.  
 (b) Excluding contract capacity.  
 (c) Includes 23,000 kw. of firm contract capacity to Tennessee Public Service Company in 1929.  
 (d) Based on largest steam unit out for six weeks at maximum loading for last six months of driest year, average demand outage of 3% applied only to dependable generating capacity for steam, 5% load factor for six months.  
 (e) Includes firm contract capacity as follows: Carolina Power & Light Co.—14,000 kw. 1929 to 1939 inclusive.  
 (f) After deducting capacity leased to Duke Power Company.  
 (g) Includes firm contract capacity as follows: Carolina Power & Light Co.—55,000 kw. 1931 to 1939 inclusive.  
 Duke Power Company—42,750 kw. 1931 to 1939 inclusive.  
 (h) Eliminates duplication resulting from 42,750 kw. of Lexington Water Power Company firm capacity contracted for by Duke Power Company from 1931 to 1939 inclusive.  
 (i) The complainant Birmingham Electric Company is included as a customer of the Alabama Power Company.

MA-1A (1)  
12/6/37

3336

## COMPLAINANTS' EXHIBIT No. 502

Detailed

## Summary of Adequacy—Continued

Principal Utility Company Systems Within 250 Miles of TVA Generating Plants Included in the Unified Plan

Thousands of Kilowatts

Sheet 2 of 7

Year	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
<b>Integrated Group 3:</b>											
Appalachian Electric Power Company											
Kentucky & West Virginia Power Company, Inc.											
Kingsport Utilities, Inc.											
Generating Capacity Owned and Leased—Name-Plate Rating (b).....	371	372	373	385	381	381	404	402(j)	447(j)	541	541
Load Carrying Ability (In addition to standby).....	317	317	319	322	317	342	353	362	416	499	499
Firm Peak Load.....	275	281	232	204	239	262	292	346	353	387	406
Surplus Capacity Available Over and Above Actual and Predicted Loads (In addition to standby).....	42	36	87	118	78	80	61	16	63	112	93
Standby Provided For.....	25	40	40	40	40	40	40	40	40	40	40
Carolina Power & Light Company											
Holston River Electric Company											
Tennessee Public Service Company											
Generating Capacity Owned and Leased—Name-Plate Rating (b).....	151	259	259	259	259	259	255	252	252	252	252
Load Carrying Ability (In addition to standby) (k).....	172	214	270	272	273	276	255	263	252	252	252
Firm Peak Load.....	133	137	141	130	149	146	155	188	216	219	232
Surplus Capacity Available Over and Above Actual and Predicted Loads (In addition to standby).....	39	77	129	142	124	130	100	75	36	33	20
Standby Provided For.....	23	17	17	17	17	17	17	17	17	17	17
East Tennessee Light & Power Company											
Tennessee Eastern Electric Company											
Generating Capacity Owned and Leased—Name-Plate Rating (b).....	(l)	(l)	(l)	(l)	(l)	(l)	(l)	(l)	23	23	23
Load Carrying Ability (In addition to standby).....	...	...	...	...	...	...	...	...	21	21	21
Firm Peak Load.....	...	...	...	...	...	...	...	...	15	16	17
Surplus Capacity Available Over and Above Actual and Predicted Loads (In addition to standby).....	...	...	...	...	...	...	...	...	6	5	4
Standby Provided For.....	...	...	...	...	...	...	...	...	(m)	(m)	(m)
<b>Total for Group:</b>											
Generating Capacity Owned and Leased—Name-Plate Rating (b).....	522	631	632	644	640	640	659	654	722	816	816
Load Carrying Ability (In addition to standby) (k).....	489	531	589	594	590	618	610	622	689	772	772
Firm Peak Load.....	408	418	373	334	388	408	447	534	584	622	655
Surplus Capacity Available Over and Above Actual and Predicted Loads (In addition to standby).....	81	113	216	260	202	210	163	88	105	150	117
Standby Provided For.....	48	57	57	57	57	57	57	57	57	57	57

Notes:—(b) Excluding contract capacity.

(j) Excludes 9000 kw. contract capacity.

(k) Includes firm contract capacity as follows: Duke Power Company—14,000 kw. 1929 to 1939, inclusive.  
Lexington Water Power Company—55,000 kw. 1931 to 1939, inclusive.  
The Tennessee Electric Power Company—23,000 kw. 1929 only.

(l) See Integrated Group 7 for these years.

(m) Standby for these companies is located in the Appalachian Electric Power Company system above.

3337

## COMPLAINANTS' EXHIBIT No. 502

[fol. 3001]

Detailed

## Summary of Adequacy—Continued

Principal Utility Company Systems Within 250 Miles of TVA Generating Plants Included in the Unified Plan

Thousands of Kilowatts

Year	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
<b>Integrated Group 4:</b>											
The Cincinnati Gas and Electric Company (n)											
The Dayton Power and Light Company											
Indianapolis Power & Light Company											
Kentucky Utilities Company, Inc., & Assoc. (o) (Eastern System)											
Kentucky-Tennessee Light & Power Company (Eastern System)											
Louisville Gas and Electric Company											
Public Service Company of Indiana											
Generating Capacity Owned and Leased—Name-Plate Rating (b).....	884	880	880	950	947	947	943	943	1040	1105	1105
Load Carrying Ability (In addition to standby) .....	653	654	654	722	721	721	736	736	813	874	874
Firm Peak Load (p).....	583	563	505	477	497	543	589	708	782	832	878
Surplus Capacity Available Over and Above Actual and Predicted Loads (In addition to standby)—(Or Emergency Overload*).....	70	91	149	245	224	178	147	28	31	42	4
Standby Provided For.....	85	85	85	87	87	87	87	87	90	89	89
<b>Integrated Group 5:</b>											
Central Illinois Light Company (Excluding De Kalb Division)											
Central Illinois Public Service Company											
Illinois Power and Light Corporation (Illinois Iowa Power Company)											
Kentucky-Tennessee Light & Power Company (Western System)											
Kentucky Utilities Company, Inc. (Western System) (q)											
Missouri Power & Light Company											
Super Power Company of Illinois (allocated capacity from Powerton) (r)											
Union Electric Light and Power Company (s) (Union Electric Co. of Missouri)											
Generating Capacity Owned and Leased—Name-Plate Rating (b) (r).....	956	956	1190	1190	1190	1190	1190	1189	1189	1289	1289
Load Carrying Ability (In addition to standby) (t).....	665	665	804	800	800	800	800	831	832	911	911
Firm Peak Load.....	568	587	593	530	514	556	613	694	765	817	858
Surplus Capacity Available Over and Above Actual and Predicted Loads (In addition to standby).....	97	78	211	270	286	244	187	137	67	94	53
Standby Provided For.....	96	96	97	97	97	97	97	97	98	100	100

Notes: (b) Excluding contract capacity.

(n) Includes: The Union Gas & Electric Company  
 The Union Light, Heat & Power Company.  
 The Southwestern Ohio Power Company.  
 The Loveland Light & Water Company.  
 The Harrison Electric & Water Company.  
 The Hamilton Service Company.

(o) Includes: Kentucky Utilities Company.  
 Lexington Utilities Company.  
 Old Dominion Power Company.  
 Kentucky Power and Light Company.  
 Dixie Power & Light Company.

(p) Includes 8000 kw. emergency capacity available from Public Service Company of Indiana to Central Illinois Public Service Company (Group 5) in years 1936 to 1939, inclusive.

\* Overload on remaining units of group in case of outage of largest unit at time of peak load.

(Notes continued on following page.)

MA-1A (3)  
11/30/37

3338

## COMPLAINANTS' EXHIBIT No. 502

(Vol. 3002)

Detailed

## Summary of Adequacy—Continued

## Principal Utility Company Systems Within 250 Miles of TVA Generating Plants Included in the Unified Plan

Thousands of Kilowatts

Year	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
Totals for 'll Groups Effectively Interconnected (Groups 1 to 5 Incl.):											
Generating Capacity Owned and Leased—Name-Plate Rating (b).....	4376	4610	5001	5085	5078	5069	5074	5069	5244	5583	5623
Load Carrying Ability (In Addition to Standby) (u).....	3098	3230	3516	3580	3581	3624	3621	3669	3897	4266	4312
Firm Peak Load (u).....	2762	2715	2579	2378	2468	2624	2877	3323	3656	3850	4027
Surplus Capacity Available Over and Above Actual and Predicted Loads (In Addition to Standby).....	336	515	937	1202	1113	1000	744	346	241	416	285
Standby Provided For.....	368	377	378	380	380	380	379	379	383	386	386

Notes:—(b) Including contract capacity.

(Cont'd) (q) Includes: Kentucky Utilities Company.

South Fulton Light &amp; Power Company.

(r) Name-plate rating of the total generating facilities at Powerton is 105,000 kw. in 1929 and 1930, and 210,000 kw. from 1931 to 1939 inclusive. Only that portion allocated from Powerton station to companies in Group 5 is included in the item "Generating Capacity Owned and Leased."

(s) Includes: Alton Light &amp; Power Co., Alton, Ill.

Cupples Station Light, Heat &amp; Power Co., St. Louis, Mo.

Dallas City Light Co., Dallas City, Ill.

East St. Louis Light &amp; Power Co., East St. Louis, Ill.

East St. Louis Railway Co., East St. Louis, Ill.

Fort Madison Electric Co., Fort Madison, Iowa.

Keokuk Electric Co., Keokuk, Iowa.

Lakeside Light &amp; Power Co., Lakeside, Miller County, Mo.

Mississippi River Power Co., Keokuk, Iowa.

Missouri Transmission Co., St. Louis, Mo.

Power Operating Co., East St. Louis, Ill.

St. Charles Electric Light &amp; Power Co., St. Charles, Mo.

St. Louis and Bellville Electric Railway Co., East St. Louis, Ill.

St. Louis &amp; East St. Louis Electric Railway Co., East St. Louis, Ill.

Union Colliery Co., St. Louis, Mo.

Union Electric Light &amp; Power Co. of Illinois, Monsanto, Ill.

(t) Includes 5,250 kw. supplied by Kentucky Electric Power Company to Kentucky Utilities Company, Inc. in the years 1929 to 1939 inclusive. Also includes 17,000 kw. contract capacity from Public Service Co. of Indiana (Group 4—8000 kw.), Northern Illinois Public Service Co. and Public Service Co. of Northern Illinois in years 1936 to 1939, inclusive, but does not include contract capacity from these companies prior to 1936.

(u) Eliminates duplication resulting from the following contracts for firm capacity between groups:

Tennessee Electric Power Co. to Tennessee Public Service Co.  
23,000 kw. 1929 only.

Duke Power Company to Carolina Power & Light Co.  
14,000 kw. 1929 to 1939 inclusive.

Lexington Water Power Co. to Carolina Power & Light Co.  
55,000 kw. 1931 to 1939 inclusive.

Public Service Co. of Indiana to Central Illinois Public Service Co.  
8,000 kw. 1936 to 1939 inclusive.

MA-1A (4)  
12/6/37



3339

## COMPLAINANTS' EXHIBIT No. 502

Detailed

## Summary of Adequacy—Continued

Principal Utility Company Systems Within 250 Miles of TVA Generating Plants Included in the Unified Plan

Thousands of Kilowatts

Year	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
<b>Integrated Group 6:</b>											
Arkansas-Missouri Power Company.											
Arkansas Power & Light Company.											
Louisiana Power & Light Company.											
Memphis Power & Light Company.											
Mississippi Power & Light Company.											
West Tennessee Power & Light Company.											
Generating Capacity Owned and Leased—Name-Plate Rating (1).....	224	225	225	281	277	276	270	269	274	274	274
Load Carrying Ability (In addition to standby) (2).....	206	208	208	244	243	241	239	237	246	276	286
Firm Peak Load (3).....	158	166	172	166	167	171	185	222	248	267	282
Surplus Capacity Available Over and Above Actual and Predicted Loads (In addition to standby)—(Or Emergency Overload*).....	48	42	36	78	76	70	54	15	2*	9	4
Standby Provided For.....	40	40	40	40	40	40	40	42	42	43	44
<b>Integrated Group 7:</b>											
East Tennessee Light & Power Company.											
Tennessee Eastern Electric Company.											
Generating Capacity Owned and Leased—Name-Plate Rating (1).....	23.5	23.5	23.5	23.5	23.5	22.9	22.9	22.9	(4)	(4)	(4)
Load Carrying Ability (In addition to standby).....	10.5	10.3	10.3	10.3	10.3	9.5	10.0	10.6			
Firm Peak Load.....	11.0	9.5	9.6	8.0	7.7	8.6	11.3	13.8			
Surplus Capacity Available Over and Above Actual and Predicted Loads (In addition to standby)—(Or Emergency Overload*).....	0.5*	0.8	0.7	2.3	2.6	0.9	1.3*	3.2*			
Standby Provided For.....	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5			
<b>Integrated Group 8:</b>											
The Southern Ohio Electric Company (Excluding Delaware Division) (5):											
Generating Capacity Owned and Leased—Name-Plate Rating (1).....	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4
Load Carrying Ability (In addition to standby) (6).....	17.9	17.9	17.9	17.9	17.9	17.9	17.9	17.9	27.9	27.9	27.9
Firm Peak Load.....	13.1	13.1	14.5	12.2	13.4	15.0	17.0	18.3	20.6	21.8	22.9
Surplus Capacity Available Over and Above Actual and Predicted Loads (In addition to standby)—(Or Emergency Overload*).....	4.8	4.8	3.4	5.7	4.5	2.9	0.9	0.4*	7.3	6.1	5.0
Standby Provided For.....	2.5	2.5	2.5	2.5	2.5	2.5	2.5	12.5	12.5	12.5	12.5

Notes:—(1) Excluding contract capacity.

(2) Includes firm contract capacity from Tennessee Valley Authority to the Arkansas Power &amp; Light Co. in the amount of 25,000 kw. in 1938 and 35,000 kw. in 1939.

(3) In the absence of complete data for the combined load of the Arkansas-Missouri Power Company and the other companies in Group 6, it was assumed that this combined load would approximate the firm peak load of the latter plus the dependable generating capacity of the former.

(4) August 1937 interconnection with Appalachian Electric Power Co. completely integrates these companies with Group 3.

(5) Includes: Adams County Power & Light Company.      Peebles Power Company.  
Point Pleasant Water & Light Company.(6) Includes firm contract capacity from Columbus Railway, Power and Light Company in the following amounts: 10,000 kw.—1929 to 1936, inclusive.  
20,000 kw.—1937 to 1939, inclusive.

\* Overload on remaining units of system in case of outage of largest unit at time of peak load.

MA—1A (5)  
11/18/37

3340

## COMPLAINANTS' EXHIBIT No. 502

## Detailed

## Summary of Adequacy—Continued

## Principal Utility Company Systems Within 250 Miles of TVA Generating Plants Included in the Unified Plan

Thousands of Kilowatts

Year	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
<b>Integrated Group 9:</b>											
Southern Indiana Gas and Electric Company:											
Generating Capacity Owned and Leased—Name-Plate Rating (1).....	39.9	38.4	38.4	38.4	38.4	38.4	38.4	50.9	50.9	70.9	70.9
Load Carrying Ability (In addition to standby).....	19.0	17.5	17.5	17.5	17.5	17.5	17.5	30.0	30.0	42.5	42.5
Firm Peak Load.....	22.5	22.5	22.5	21.0	20.0	23.0	28.0	34.2	38.9	41.2	42.3
Surplus Capacity Available Over and Above Actual and Predicted Loads (In addition to standby)—(Or Emergency Overload*).....	3.5*	5.0*	5.0*	3.5*	2.5*	5.5*	10.5*	4.2*	8.9*	1.3	0.2
Standby Provided For.....	3.5	3.5	3.5	3.5	3.5	3.5	14.5	2.0	13.0	11.5	11.5
<b>Integrated Group 10:</b>											
Missouri Electric Power Company (Niangua system only):											
Generating Capacity Owned and Leased—Name-Plate Rating (1).....	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Load Carrying Ability (In addition to standby) (7).....	2.4	2.4	2.4	2.4	2.4	4.2	4.2	4.2	4.2	4.2	4.2
Firm Peak Load.....	1.7	1.8	2.1	2.2	2.1	2.4	2.7	3.5	3.7	3.9	4.1
Surplus Capacity Available Over and Above Actual and Predicted Loads (In addition to standby).....	0.7	0.6	0.3	0.2	0.3	1.8	1.5	0.7	0.5	0.3	0.1
Standby Provided For.....	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
<b>Integrated Group 11:</b>											
Kentucky Utilities Company.											
Kentucky-Tennessee Light & Power Company.											
Generating Capacity Owned and Leased—Name-Plate Rating (1).....	6.3	6.3	12.1	12.1	12.1	12.1	12.1	12.1	12.1	17.1	17.1
Load Carrying Ability (In addition to standby).....	3.1	3.1	7.6	7.6	7.6	7.6	7.6	7.6	7.6	11.1	11.1
Firm Peak Load.....	4.9	5.0	6.7	6.1	6.7	6.8	7.6	8.0	9.1	9.6	10.1
Surplus Capacity Available Over and Above Actual and Predicted Loads (In addition to standby)—(Or Emergency Overload*).....	1.8*	1.9*	0.9	1.5	0.9	0.8	0.0	0.4*	1.5*	1.5	1.0
Standby Provided For.....	2.2	2.2	3.5	3.5	3.5	3.5	3.5	3.5	3.5	5.0	5.0

Notes:—(1) Excluding contract capacity.

(7) Includes 1800 kw. firm contract capacity from Empire District Electric Company in the years 1934 to 1939, inclusive.

\* Overload on remaining units of system in case of outage of largest unit at time of peak load.

MA—1A (6)  
11/18/37



3341

## COMPLAINANTS' EXHIBIT No. 502

Detailed

## Summary of Adequacy—Continued

Principal Utility Company Systems Within 250 Miles of TVA Generating Plants Included in the Unified Plan

Thousands of Kilowatts

Year	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
Integrated Group 12:											
Laclede Power & Light Company.											
Generating Capacity Owned and Leased—Name-Plate Rating (1)	32.0	32.0	38.0	38.0	38.0	38.0	38.5	43.0	48.5	48.5	48.5
Load Carrying Ability (In addition to standby)	24.5	24.5	28.5	28.5	28.5	28.5	28.5	33.5	39.0	39.0	39.0
Firm Peak Load	19.1	19.3	20.8	20.2	22.4	26.6	28.0	28.8	31.4	33.1	35.0
Surplus Capacity Available Over and Above Actual and Predicted Loads (In addition to standby)	5.4	5.2	7.7	8.3	6.1	1.9	0.5	4.7	7.6	5.9	4.0
Standby Provided For	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Totals for All Groups Not Effectively Interconnected (Groups 6 to 12 Incl.):											
Generating Capacity Owned and Leased—Name-Plate Rating (1)	351.1	350.6	362.4	418.4	414.4	412.8	407.3	423.3	410.9	435.9	435.9
Load Carrying Ability (In addition to standby)	283.4	283.7	292.2	328.2	327.2	326.2	324.7	340.8	354.7	400.7	410.7
Firm Peak Load	230.3	237.2	248.2	235.7	239.3	253.4	279.6	328.6	351.7	376.6	396.4
Surplus Capacity Available Over and Above Actual and Predicted Loads (In addition to standby)	53.1	46.5	44.0	92.5	87.9	72.8	45.1	12.2	3.0	24.1	14.3
Standby Provided For	59.5	59.5	60.8	60.8	60.8	60.8	71.8	71.3	78.8	79.8	80.8

Notes:—(1) Excluding contract capacity.

MA—1A (7)  
11/19/37

## [fol. 3006] COMPLAINANTS' EXHIBIT No. 503

Map entitled "Generating Systems Surrounding TVA,  
January 1, 1937.

(Original Exhibit)

## COMPLAINANTS' EXHIBIT No. 504—(Excluded)

[fol. 3007] Power Cost at TVA Generating Plants  
Unified Plan—Ultimate Development  
Excluding Initial Stage of Wilson Dam

	Installed Generating Capacity Kilowatts	Total Investment	Operation and Maintenance of Dams, Locks Reservoirs ..
Pickwick.....	216,000	\$42,431,497	\$97,000
Wilson.....	444,000	57,960,748	72,000
Wheeler.....	256,000	44,757,657	112,000
Guntersville.....	100,000	38,524,860	141,000
Chickamauga.....	100,000	45,333,645	117,000
Gilbertsville.....	192,000	112,000,000	212,000
Watts Bar.....	150,000	39,800,000	122,000
Coulter Shoals.....	60,000	30,000,000	110,000
Norris.....	100,800	36,310,370	82,000
Hiwassee.....	80,000	22,491,561	42,000
Fontana.....	180,000	51,000,000	63,000
U. S. N. P. No. 2.....	Omit	Omit	Omit
	1,878,800	\$520,600,338	\$1,170,000
Deduct Wilson Dam—Initial Stage	184,000	46,950,748	72,000
Total for Unified Plan Excluding Initial Stage of Wilson.....	1,694,800	\$473,649,590	\$1,098,000
		Investment	Yearly Cost
Investment.....		\$473,649,590	
Operation and Maintenance Dams, Locks and Reservoirs.....			\$1,098,000
Power Houses and Power Facilities—at 1¼% of \$114,300,000(1).....			1,714,000
Deduction from Norris—Highways, Town of Norris, Forest Lands, etc.....		\$4,843,000(2)	
Net Total for Navigation, Flood Control and Power.....		\$468,806,590	\$2,812,000

## COMPLAINANTS' EXHIBIT No. 504 (Excluded)

Power Cost at TVA Generating Plants—Unified Plan—Ultimate Development—Excluding Initial Stage of Wilson Dam—Continued

	Investment	Yearly Cost
Cost for Navigation Separately—\$2 low dams..	\$74,709,000	\$1,580,000
Additional Cost for Flood Control.....	\$81,133,000	\$400,000
Total Cost for Navigation and Flood Control Independent of Power.....	\$155,842,000	\$1,980,000
Net Total Increment for Power Generation		
Increment Investment.....	\$312,963,990	
Increment Operation & Maintenance.....		\$832,000
Interest on Increment Investment—3½%.....		\$10,954,000
Depreciation on Increment Investment (Sinking Fund Basis—3½% compounded annually)		
On Power Houses & Power		
Facilities—30 year life—\$114,300,000 at 1.94%(1)		\$2,220,000
On Remaining Increment		
Investment—50 year life—\$198,663,990 at 0.763%		1,516,000
	\$312,963,990	
Total Yearly Cost for TVA Power Generation (Excluding All Taxes).....		\$15,522,000

## Notes

- \* From page 403, Hearings on Second Deficiency Appropriation Bill for 1937  
 \*\* From page 279, Hearings on First Deficiency Appropriation Bill for 1936.  
 (1) Excluding Initial Stage of Wilson Dam.  
 (2) From page 385, Hearings on Second Deficiency Appropriation Bill for 1937.

## COMPLAINANTS' EXHIBIT No. 505—(Excluded)

[fol. 3008]

Out-of-Pocket Costs of TVA Power  
 Unified Plan—Ultimate Development  
 Excluding Initial Stage of Wilson Dam

	Generating Plants	Transmission System	Total
Increment Investment for Power	\$312,964,000	\$116,587,000	\$429,551,000
Increment Operation and Maintenance.....	\$832,000	\$1,861,000	\$2,693,000
Interest on Increment Investment—3½%.....	10,954,000	4,080,000	15,034,000
Depreciation on Increment Investment (3½% Sinking Fund Basis).....	3,736,000	3,610,000	7,346,000
	\$15,522,000	\$9,551,000	\$25,073,000
Annual charges on accumulated interest during construction of generating plants			
5% of (\$10,954,000 + \$3,736,000).....			734,000
Commercial and Metering Expense (710 customers at \$202)....			143,000
General Administrative Expense.....			1,000,000
Taxes Lost (Excluding 3% Federal Sales Tax).....			5,607,000
Which would have been obtainable from utility company development of facilities obviated by TVA wholesale system.			
Total Increment Yearly Cost for Power.....			\$32,557,000

## COMPLAINANTS' EXHIBIT No. 505 (Excluded)

Out-of-Pocket Costs of TVA Power—Unified Plan—Ultimate Development—  
Excluding Initial Stage of Wilson Dam—Continued

## Some Other Yardstick Omissions

## Net Additional Interest (Increased) and Depreciation (Decreased)

Interest and Depreciation Incurred by a Utility Company on Generating and Transmission Facilities if Owning and Operating TVA System.....	\$30,602,000	
Deduct Interest and Depreciation Included Above.....	22,880,000	8,222,000

## Additional Taxes (Excluding 3% Federal Sales Tax)

Taxes Payable by a Utility Company if Owning and Operating TVA System....	\$7,895,000	
Deduct "Taxes Lost" as Shown Above....	5,607,000	2,288,000

Out-of-Pocket Costs Plus Some Other Yardstick Omissions on Wholesale Operations..... \$43,067,000

- I. Additional out-of-pocket losses to tax-payers not evaluated.  
Taxes on gasoline and motor vehicles used in power plant construction.  
Use of franking privilege.
- II. Additional yardstick omissions not evaluated.  
Cost of raising capital.  
Preferential Freight Rates.
- III. Additional losses and yardstick omissions on distribution facilities provided by TVA Wholesale Contractors.  
Taxes on ownership and operation of distribution facilities.  
Any services rendered gratis by TVA to its Wholesale Contractors, such as sales promotion, engineering, auditing, etc.  
Government grants to finance competing systems.  
Difference of interest on government loans to finance competing systems.  
Immunity from 3% Federal Sales Tax.

Note: Taxes payable by TVA—5% of gross non-governmental revenue.

## [fol. 3009] COMPLAINANTS' EXHIBIT No. 506 (Excluded)

Summary of Annual Deficit from TVA Operations Unified  
Plan—Ultimate Development Excluding Initial  
Stage of Wilson Dam

## Total Increment Yearly Out-of-Pocket:

Cost of TVA Power.....	\$32,557,000
Estimated Annual Revenue—1943:	
Total TVA Operations.....	\$25,804,000
Less Initial Stage of Wilson Dam .....	2,253,000

Increment Revenue ... \$23,551,000

Out-of-Pocket Deficit ..... \$ 9,006,000

## COMPLAINANTS' EXHIBIT No. 506 (Excluded)

## Some Other Yardstick Omissions for Comparable Utility Operation

## Additional Fixed Charges:

Net Additional Interest and Depreciation incurred by a Utility Company on Generating and Transmission Facilities if Owning and Operating TVA System ..... \$ 8,222,000

## Additional Taxes (excluding 3% Federal Sales Tax):

Taxes Payable by a Utility Company if Owning and Operating TVA System in addition to "Taxes Lost" included in Out-of-Pocket Cost ..... 2,288,000

Out-of-Pocket deficit plus some other yardstick omissions ..... \$19,516,000

## I. Additional out-of-pocket losses to tax-payers not evaluated:

Taxes on gasoline and motor vehicles used in power plant construction.

Use of franking privilege.

## II. Additional yardstick omissions not evaluated:

Cost of raising capital.

Preferential freight rates.

## III. Additional losses and yardstick omissions on distribution facilities provided by TVA Wholesale Contractors:

Taxes on ownership and operation of distribution facilities.

Any services rendered gratis by TVA to its Wholesale Contractors, such as sales promotion, engineering, auditing, etc.

Government grants to finance competing systems.

Difference of interest on government loans to finance competing systems.

Immunity from 3% Federal Sales Tax.

## [fol. 3010] COMPLAINTANTS' EXHIBIT No. 507

**Estimated Power Available at TVA Generating Plants  
Typical Water Year Under TVA Unified Plan—  
Ultimate Development**

	Million Kilowatt- Hours	Kilowatts at 100% Load Factor
<b>Firm Power:</b>		
Total primarily available .....	5,780	660,000
Deduct energy used to guarantee annual secondary power (see below) .....	322	36,700
<b>Net Firm Power Available .....</b>	<b>5,458</b>	
Allowance for average margin between capacity additions and load growth— 5% (Salable as "Other Secondary Power"—see below) .....	273	31,200
<b>Balance salable as Firm Power .....</b>	<b>5,185</b>	
<b>Annual Secondary Power (guar- anteed 75% of the time in every year):</b>		
Salable to certain large industries for electro-chemical and electro-thermal use .....	917	104,700
Reduces firm capacity by 7/20 or 35% of this amount in order to insure guarantee in critical year when it would be necessary to use reservoir capacity for 7 weeks out of a 20-week draw-down period.		
<b>Other Secondary Power (Guaran- teed 75% of the contract period):</b>		
Estimated amount salable to the alum- inum industry and to large utility companies, etc. (including 273 million kwh. of firm energy allowed for aver- age margin between capacity addi- tions and load growth) .....	790	90,200
<b>Total firm and secondary power available .....</b>	<b>6,892</b>	



## COMPLAINANTS' EXHIBIT No. 507

Estimated Power Available at TVA Generating Plants  
 Typical Water Year Under TVA Unified Plan—  
 Ultimate Development—Continued

Dump Power:	Million Kilowatt- Hours	Kilowatts at 100% Load Factor
Estimated amount of energy available for fuel-generation replacement . . . .	778	
Total energy marketable . . .	7,670	
Additional energy available but not Marketable . . . . .	2,330	
Total energy available within generating capacity . . . . .	10,000	

# COMPLAINANTS' EXHIBIT No. 508

## Summary of Power Sales

### TVA Unified Plan—Ultimate Development

### 1943 Sales Under Typical Water Conditions

Millions of Kilowatt-hours

	Sales			Resale Loss and Company Use	Sales to Ultimate Consumers
	Output	Firm Power Customers	Mixed Power Customers		
Present TVA Special Customers.....	2,379	19.7	2,067.8	31.8	2,055.7
TVA Government Operations.....	71	10.0	60.0	.....	70.0
Wholesale Contractors Now Served and Present Direct Service Areas.....	355	300.0	.....	40.0	200.0
Total 1943 Requirements of Present TVA Business.....	2,805	329.7	2,127.8	71.8	2,385.7
Additional General Business:					
Mixed Power Customers—Large Industrial Plants using Firm and Secondary Power at High Load Factor.....	517	.....	440.8	.....	440.8
Other Direct Industrial-Firm Power.....	1,042	876.2	876.2	.....	876.2
Wholesale Contractors.....	2,528	2,110.9	.....	150.3	1,954.6
Total.....	4,087	2,987.1	440.8	150.3	3,271.6
Total Firm and Secondary Power Available.....	6,892	3,316.8	2,508.6	228.1	5,957.3
Sales of Dump Power.....	778	.....	700.0	.....	700.0
Total Energy Marketable.....	7,670	3,316.8	3,208.6	.....	6,585.4

(Here follows one paster, side folio 3012)



### Disposition of Generating Plant Output

### TVA Unified Plan—Ultimate Development

### Typical Water Year

		Transmission Efficiency	Firm Power			Annual Secondary			Other Secondary			Total		Resale Loss and Company Use	Sales to Ultimate Consumers
	Point of Sale		Sales	Max. Demand	Output	Sales	Max. Demand	Output	Sales	Max. Demand	Output	Sales	Output		
		%	Million Kw.-hr.	Kw.	Million Kw.-hr.	Million Kw.-hr.	Kw.	Million Kw.-hr.	Million Kw.-hr.	Kw.	Million Kw.-hr.	Million Kw.-hr.	Million Kw.-hr.	Million Kw.-hr.	Million Kw.-hr.
Present TVA Special Customers															
Volunteer Cement Co.....	Sec. Substa.	83.5	19.7	3,000	24	.....	.....	.....	.....	.....	.....	19.7	24	0	19.7
Monsanto Chemical Co.....	" "	83.5	141.0	17,500	169	262.0	32,500	314	.....	.....	.....	403.0	483	0	403.0
Victor Chemical Co.....	" "	83.5	128.5	16,000	154	128.5	16,000	154	.....	.....	.....	257.0	308	0	257.0
Aluminum Company.....	Pri. Transm.	90.0	262.0	30,000	291	.....	.....	.....	262.0	30,000	291	524.0	582	0	524.0
(Amendatory).....	" "	90.0	.....	.....	.....	.....	.....	.....	350.0	40,000	389	350.0	389	0	350.0
Arkansas Power & Light Co.....	" "	90.0	168.5	35,000	187	.....	.....	.....	43.8	5,000	49	212.3	236	31.8	180.5
Electro-Metallurgical Co.....	" "	90.0	193.0	24,000	214	128.5	16,000	143	.....	.....	.....	321.5	357	0	321.5
Total permitted by present contracts.....			912.7	125,500	1,039	519.0	64,500	611	655.8	75,000	729	2,087.5	2,379	31.8	2,055.7
Recapitulation															
Sold from secondary substations.....	Sec. Substa.	83.5	289.2	36,500	347	390.5	48,500	468	.....	.....	.....	679.7	815		
Sold from primary transmission.....	Pri. Transm.	90.0	623.5	89,000	692	128.5	16,000	143	655.8	75,000	729	1,407.8	1,564		
			912.7	125,500	1,039	519.0	64,500	611	655.8	75,000	729	2,087.5	2,379		
TVA Fertiliser Works.....	Wilson Dam	98.2	.....	.....	.....	.....	.....	.....	60.0	15,000	61	60.0	61	0	60.0
Other TVA Government Operations.....	At Dams	98.2	10.0	2,500	10	.....	.....	.....	.....	.....	.....	10.0	10	0	10.0
Wholesale Contractors Now Served and Present Direct Service Areas.....	At Dams	98.2	20.0	.....	20	.....	.....	.....	.....	.....	.....	20.0	20		
	Sec. Substa.	83.5	280.0	.....	335	.....	.....	.....	.....	.....	.....	280.0	335		
			300.0	.....	355	.....	.....	.....	.....	.....	.....	300.0	355	40.0	260.0
Total 1943 Requirements of Present TVA Business.....			1,222.7	.....	1,404	519.0	.....	611	715.8	.....	790	2,457.5	2,805	71.8	2,385.7
Additional General Business															
Large Industrial Plants—High Load Factor.....	Sec. Transm.	85.9	134.0	.....	156	194.1	.....	226	.....	.....	.....	328.1	382	0	328.1
" " " —Normal " " .....	Sec. Substa.	83.5	45.9	.....	55	66.8	.....	80	.....	.....	.....	112.7	135	0	112.7
" " " " " " .....	Sec. Transm.	85.9	216.5	.....	252	.....	.....	.....	.....	.....	.....	216.5	252	0	216.5
" " " " " " .....	Sec. Substa.	83.5	73.5	.....	88	.....	.....	.....	.....	.....	.....	73.5	88	0	73.5
Miscellaneous Direct Industrial.....	" "	83.5	586.2	.....	702	.....	.....	.....	.....	.....	.....	586.2	702	0	586.2
Wholesale Contractors.....	" "	83.5	2,110.9	.....	2,528	.....	.....	.....	.....	.....	.....	2,110.9	2,528	156.3	1,954.6
			3,167.0	.....	3,781	260.9	.....	306	.....	.....	.....	3,427.9	4,087	156.3	3,271.6
Sub-Total.....			4,389.7	.....	5,185	779.9	.....	917	715.8	.....	790	5,885.4	6,892	228.1	5,657.3
Sales of DUMP POWER for Steam Replacement.....	Pri. Transm.	90.0	.....	.....	.....	.....	.....	.....	.....	.....	.....	700.0	778		
Total.....												6,585.4	7,670		
Firm Power Sold as "Other Secondary" (5%).....					(273)										
					(5,458)										
Firm Power Used to Guarantee Annual Secondary (7/20= 35% thereof).....					(322)										
Additional Energy Available but not Marketable.....													(2,330)		
Total Energy Available Within Generating Capacity.....					(5,780)								(10,000)		

# COMPLAINANTS' EXHIBIT No. 510

[fol. 3013]

Estimated Annual Sales to Ultimate Consumers

1937 and 1943

If Served by Existing Utility Systems Under Their Present Sales Policies

Within 100-Mile, 150-Mile and 250-Mile Radii from Any TVA Generating Plant Included in the Unified Plan Excluding TVA Government Operations, Present TVA Special Customers, Wholesale Contractors Now Served and Direct Service Areas

Millions of Kilowatt-Hours

	Within 100-Mile Radius				Within 150-Mile Radius				Within 250-Mile Radius			
	Direct Sales	Indirect Sales	Total Sales	Per Cent	Direct Sales	Indirect Sales	Total Sales	Per Cent	Direct Sales	Indirect Sales	Total Sales	Per Cent
<b>Year 1937:</b>												
Complainant Companies...	2,456	20	2,476	60.4%	2,916	29	2,945	37.1%	4,876	50	4,926	33.7%
Non-Complainants.....	.....	..	1,620	39.6%	.....	..	4,998	62.9%	.....	..	9,699	66.3%
Total.....			4,096	100.0%			7,943	100.0%			14,625	100.0%
<b>Year 1943:</b>												
Complainant Companies...	3,496	30	3,526	61.6%	4,138	45	4,183	38.0%	6,687	77	6,764	33.9%
Non-Complainants.....	.....	..	2,201	38.4%	.....	..	6,806	62.0%	.....	..	13,173	66.1%
Total.....			5,727	100.0%			10,989	100.0%			19,937	100.0%
<b>Arithmetical Average—1937 and 1943:</b>												
Complainant Companies...	2,976	25	3,001	61.1%	3,527	37	3,564	37.6%	5,782	63	5,845	33.8%
Non-Complainants.....	.....	..	1,910	38.9%	.....	..	5,902	62.4%	.....	..	11,436	66.2%
Total.....			4,911	100.0%			9,466	100.0%			17,281	100.0%

\* Indirect sales are sales to ultimate consumers by minor utility systems which purchase their power requirements from complainant companies.



# COMPLAINANTS' EXHIBIT No. 511

3352

[fol. 3014]

Estimate of Complainant Companies' Load Displaced by TVA

Final Annual Sales by Complainant Companies to Ultimate Consumers

Subsequently Taken Over by TVA and Its Wholesale Contractors

Excluding TVA Government Operations, Present TVA Special Customers, Wholesale Contractors Now Served by TVA and Present TVA Direct Service Areas

Line Number	If TVA Influence Were Uniformly Distributed Within 100-Mile Radius	If TVA Influence Were Uniformly Distributed Within 150-Mile Radius	If TVA Influence Were Uniformly Distributed Within 250-Mile Radius
Estimated total annual sales, by all agencies in the territory included within the radii indicated, to all ultimate consumers, if TVA rates and TVA sales policies were applied throughout the territory, excluding only TVA Government Operations, Present TVA Special Customers, Wholesale Contractors now served by TVA and Present TVA Direct Service Areas:			
Year 1943—Millions of Kilowatt-hours:			
(1) In Areas Served from any source December 31, 1937.....	5,981	11,913	21,967
(2) In Areas Unserved from any source December 31, 1937.....	284	402	890
(3) Total.....	6,265	12,315	22,877
TVA Power available under the Unified Plan for sale to ultimate consumers over and above requirements of TVA Government Operations, Present TVA Special Customers, Wholesale Contractors Now Served by TVA, and Present TVA Direct Service Areas:			
(4) Year 1943—Millions of Kilowatt-hours...	3,272	3,272	3,272

(5) Proportion of Market which TVA can serve directly or indirectly with the power available for sale to ultimate consumers (Line (4) above divided by Line (3) above).....	52.3%			26.6%			14.3%		
	Direct Sales	Indirect Sales	Total Sales	Direct Sales	Indirect Sales	Total Sales	Direct Sales	Indirect Sales	Total Sales
Prospective annual sales (1937-1943 average) to ultimate consumers within the radii indicated by complainant companies if uninfluenced by TVA:									
(6) Millions of Kilowatt-hours.....	2,976	25	3,001	3,527	37	3,564	5,782	63	5,845
Estimated final annual sales by complaint companies to ultimate consumers subsequently taken over by TVA and its wholesale contractors (Line (6) above multiplied by percentage shown in Line (5) above):									
(7) Millions of Kilowatt-hours.....	1,558	13	1,571	937	10	947	827	9	836

\* Indirect Sales are sales to ultimate consumers by minor utility systems which purchase their power requirements from complainant companies.

## COMPLAINANTS' EXHIBIT No. 512 (Excluded)

[fol. 3015] Estimated Damage per Million Kilowatt-Hours Displaced

Minimum Loss from Idleness of Complainant Company Facilities

Per Million Kilowatt-Hours of Sales to Ultimate Consumers Subsequently  
Taken Over by TVA and Its Wholesale Contractors

	Years Idle	Possible Salvage Per Cent	Loss Per Million Kw.-Hrs.
<b>Facilities Temporarily Idle:</b>			
Steam Generating Plants.....	2		\$4,200
Step-Up Substations.....	2		420
Primary Transmission.....	1		870
Total.....			\$5,490
<b>Facilities Permanently Idle:</b>			
Primary Step-Down.....		58.5%	\$2,140
Secondary Transmission.....		18.7%	4,770
Secondary Step-Down.....		58.5%	1,920
Distribution System.....		34.0%	15,270
Total.....			\$24,100
Grand Total.....			\$29,590
Total Excluding Loss on Distribution System Investment..... (Applicable to Indirect Sales)			\$14,320

Steam generating plants estimated at \$85 per kilowatt installed, 5% reserve capacity, 60% load factor.

Other investment costs, operating expenses and taxes based upon Alabama-Birmingham experience.

Interest taken at 6%. Depreciation on sinking fund basis with interest at 6% compounded annually.

(Here follows pasteur, side folio 3016)

3354A

## COMPLAINANTS' EXHIBIT No. 513 (Excluded)

[fol. 3016]

## Total Damage By Displacement

## Minimum Damage to Complainant Companies

## Resulting from Idleness of Facilities Displaced by TVA and Its Wholesale Contractors

## Excluding TVA Government Operations, Present TVA Special Customers, Wholesale Contractors Now Served and Present Direct Service Areas

	If TVA Influence Were Uniformly Distributed Within 100-Mile Radius			If TVA Influence Were Uniformly Distributed Within 150-Mile Radius			If TVA Influence Were Uniformly Distributed Within 250-Mile Radius		
	Direct Sales	Indirect Sales*	Total Sales	Direct Sales	Indirect Sales*	Total Sales	Direct Sales	Indirect Sales*	Total Sales
Estimated final annual sales by complainant companies to ultimate consumers subsequently taken over by TVA and its wholesale contractors—Millions of Kwhrs.....	1,558	13	1,571	937	10	947	827	9	836
Minimum damage resulting from subsequent idleness of facilities required for such final sales:									
Per million kilowatt-hours of such sales.....	\$29,590	\$14,320		\$29,590	\$14,320		\$29,590	\$14,320	
Total Damage.....	\$46,090,000	\$190,000	\$46,280,000	\$27,730,000	\$140,000	\$27,870,000	\$24,460,000	\$130,000	\$24,590,000
Minimum Probable Damage									
Damage to Complainant Companies if TVA Influence were Uniformly Distributed Within 100-Mile Radius.....							\$46,280,000		
Damage to Complainant Companies if TVA Influence were Uniformly Distributed Within 150-Mile Radius.....							27,870,000		
Damage to Complainant Companies if TVA Influence were Uniformly Distributed Within 250-Mile Radius.....							24,590,000		
Minimum Probable Damage—Arithmetical Average.....							\$32,913,333		
Round Figure.....							\$33,000,000		

\* Indirect sales are sales to ultimate consumers by minor utility systems which purchase their power requirements from complainant companies.

## COMPLAINANTS' EXHIBIT No. 514 (Excluded)

[fol. 3017] Estimated Damage to Complainant Companies

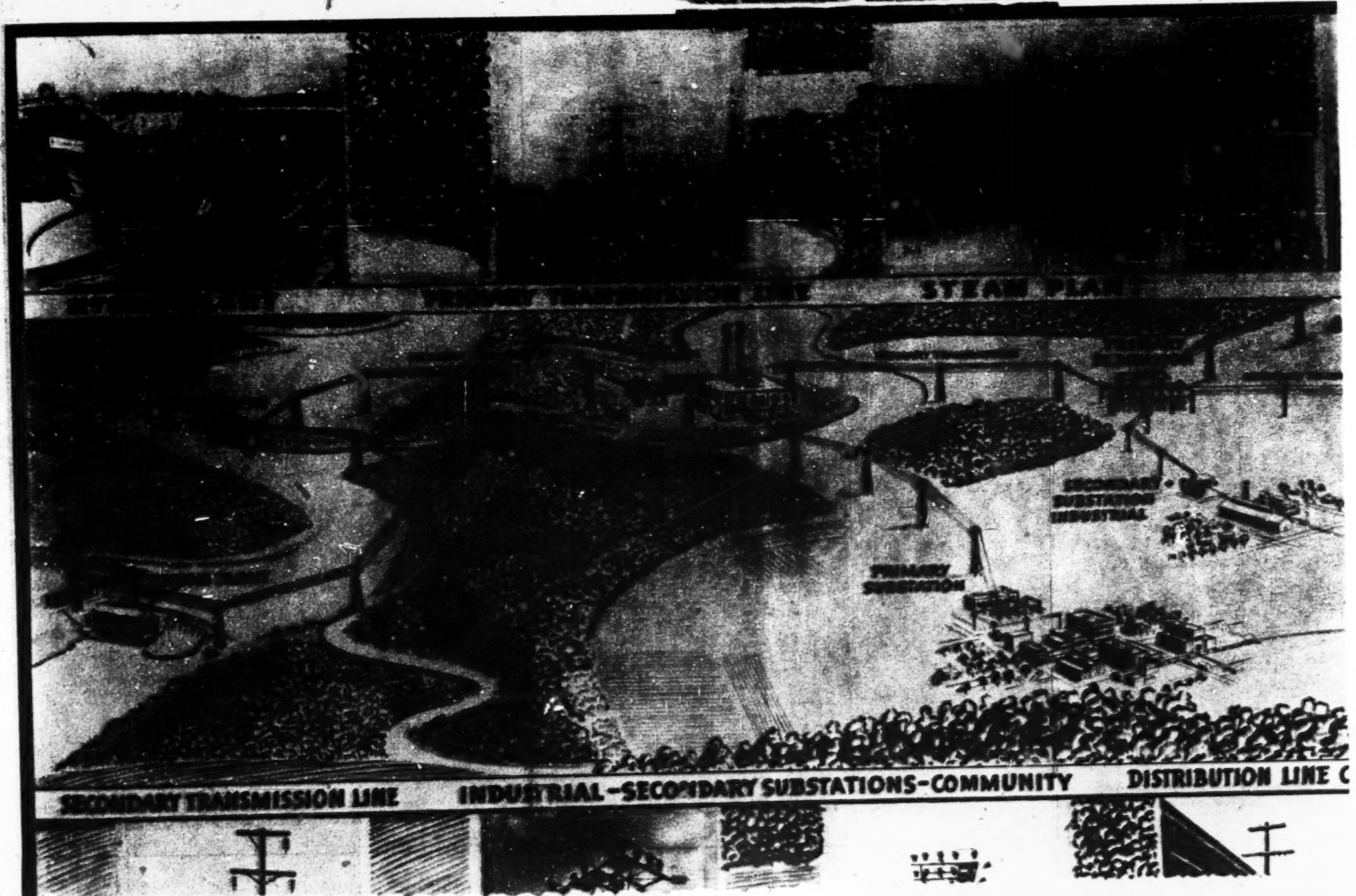
Which Would Result if Forced by Competition to Reduce  
Rates to TVA Levels

Year 1943

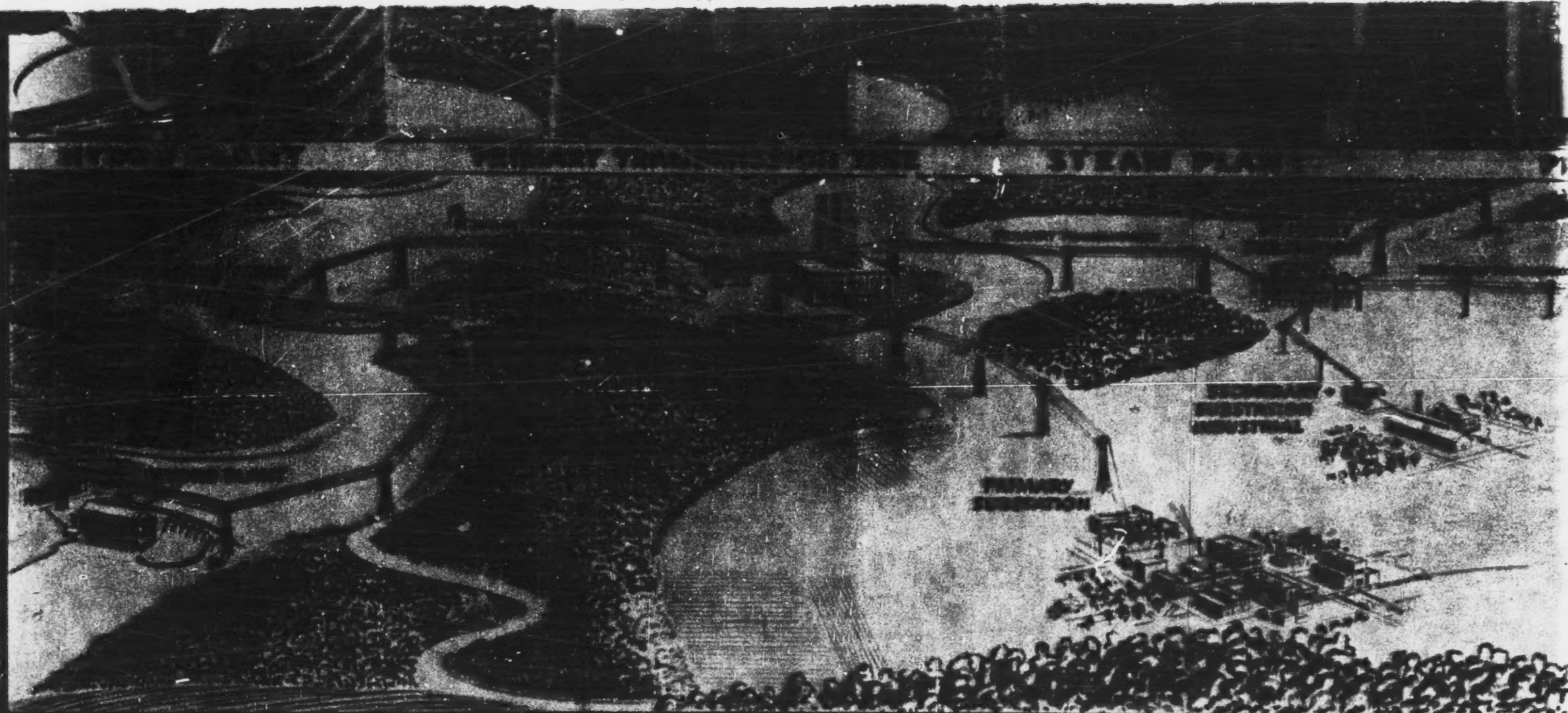
	Annual Damage	Capital Damage*
Carolina Power & Light Co.....	\$2,927,000	\$48,783,000
Birmingham Electric Co.....	1,059,000	17,650,000
Memphis Power & Light Co.....	1,623,000	27,050,000
West Tennessee Power & Light Co.....	240,000	4,000,000
Tennessee Public Service Co.....	1,137,000	18,950,000
Holston River Electric Co.....	15,000	250,000
Mississippi Power & Light Co.....	2,263,000	37,717,000
The Tennessee Electric Power Co.....	3,970,000	66,167,000
Mississippi Power Co.....	1,333,000	22,217,000
Alabama Power Co.....	3,784,000	63,066,000
Kingsport Utilities, Inc.....	178,000	2,967,000
Appalachian Electric Power Co.....	5,077,000	84,616,000
Kentucky & West Virginia Power Co., Inc.....	924,000	15,400,000
Kentucky-Tennessee Light & Power Co.....	773,000	12,883,000
East Tennessee Light & Power Co.....	300,000	5,000,000
Tennessee Eastern Electric Co.....	328,000	5,467,000
Franklin Power & Light Co.....	37,000	617,000
Total.....	\$25,968,000	\$438,800,000

\* Utility company securities owned by investors, upon which an income equal to the Annual Damage would have paid an average return of 6% per annum.

(Here follows 1 photolithograph, side folio 3018)



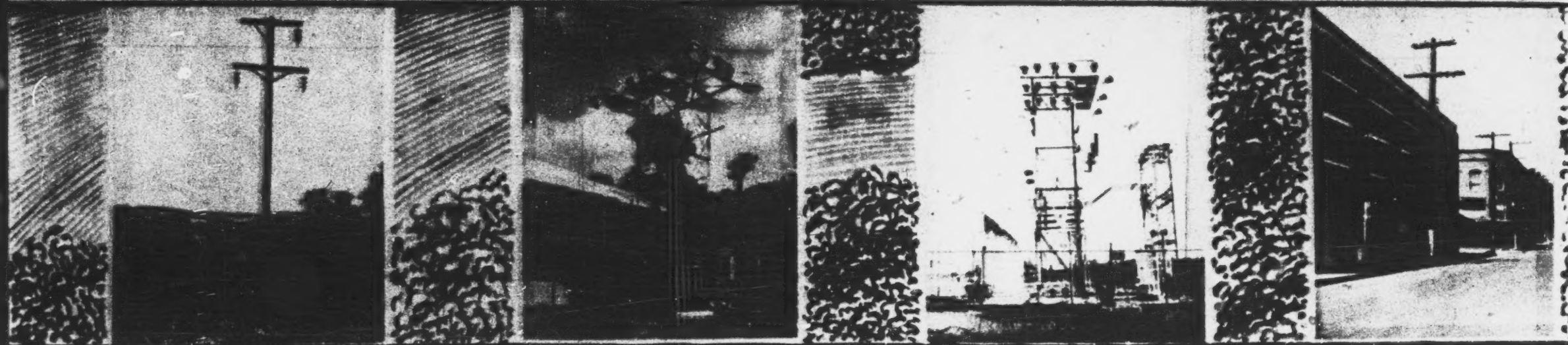




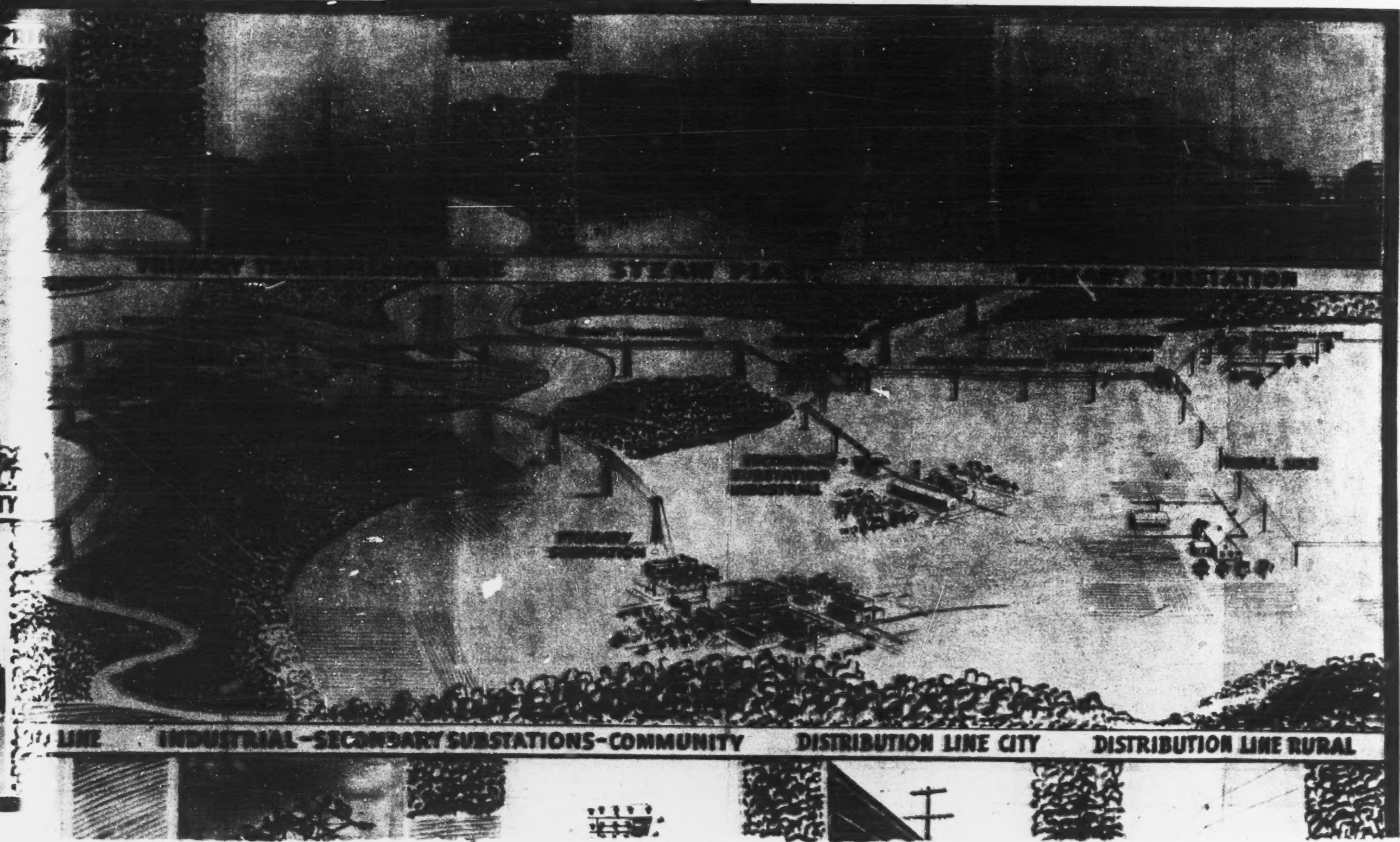
SECONDARY TRANSMISSION LINE

INDUSTRIAL-SECONDARY SUBSTATIONS-COMMUNITY

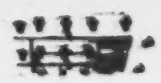
DISTRIBUTION LINE CITY

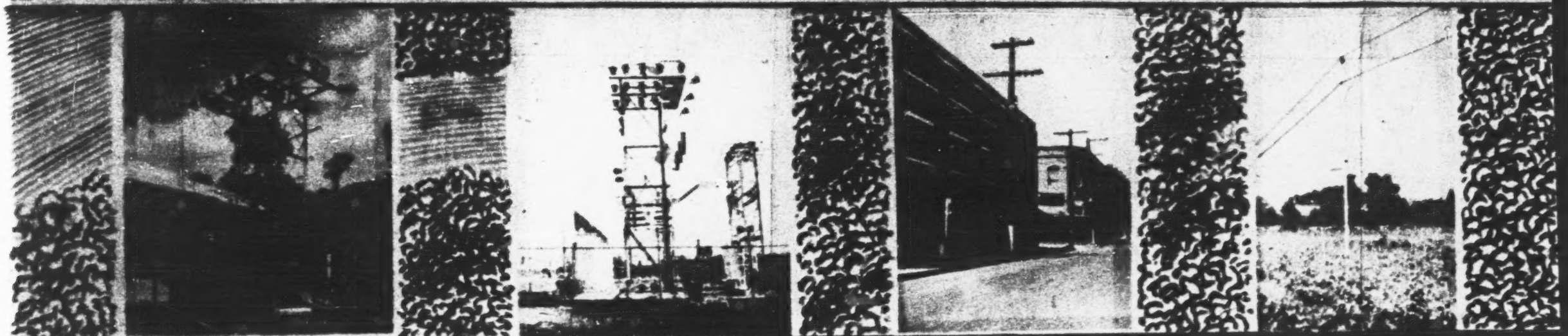






LINE INDUSTRIAL-SECONDARY SUBSTATIONS-COMMUNITY DISTRIBUTION LINE CITY DISTRIBUTION LINE RURAL







[fol. 3019] COMPLAINANTS' EXHIBIT No. 516

TVA corporate resolution dated July 23, 1935, approving allotment release in the amount of \$12,127 for construction of "Nettleton-Shiloh Rural Transmission Line, Lee County, Mississippi".

(Omitted)

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COMPLAINANTS' EXHIBIT No. 517

TVA corporate resolution dated July 23, 1935, approving allotment release in the amount of \$11,495 for construction of "Blue Springs-Fairfield-Elliston Rural Transmission Line, Union County, Mississippi".

(Omitted)

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COMPLAINANTS' EXHIBIT No. 518

TVA corporate resolution dated August 29, 1935, approving allotment release in the amount of \$1,891 for the construction of Rural Transmission Line in Prentiss County, Mississippi. The allotment release, attached to and referred to in the approving resolution, states:

"Work done under this release will be billed to the Prentiss County Electric Power Association as an increase in the long term indebtedness."

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[fol. 3020] COMPLAINANTS' EXHIBIT No. 519

TVA corporate resolution dated October 19, 1935, approving allotment release in the amount of \$102,770 for the construction of "Tupelo-New Albany 44 kv. Transmission Line." The allotment release, attached to and referred to in the approving resolution, states:

"This line is necessary to supplement the existing 11 kv. lines because of load growth at New Albany and in the adjacent areas of Union and Pontotoc Counties. Location and arrangement are such that when required, this line can be extended into Oxford or other points west."

**COMPLAINANTS' EXHIBIT No. 520**

TVA corporate resolution dated November 18, 1935, approving allotment release in the amount of \$3,433 for transformer installation at Corinth Steam Plant. The allotment release, attached to and referred to in the approving resolution, states:

"This release covers the installation of a 600 kva. 6900 to 2300 volt transformer bank at the Corinth Steam Plant, in order to supply the increased load of the Alcorn County Electric Power Association. This load is being taken care of at the present time by daily operation of the Corinth Steam Plant. Installation of the transformers will eliminate the necessity for the steam plant operation, and will increase the reliability of the Alcorn County service."

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**COMPLAINANTS' EXHIBIT No. 521**

TVA corporate resolution dated January 11, 1936, approving an allotment release in the amount of \$189,587 for the construction of Pulaski-Columbia-Dickson Transmission Line and Substation.

(Omitted)

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**[fol. 3021] COMPLAINANTS' EXHIBIT No. 522**

TVA corporate resolution dated January 11, 1936, approving allotment release in the amount of \$597,420 for construction of Wheeler Dam-Columbia Transmission Line and Columbia Substation.

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 523**

TVA corporate resolution dated January 11, 1936, approving allotment release for construction of rural lines for the City of Dayton, in Rhea County, Tennessee. The allotment release, attached to and referred to in the approving resolution, states:

## COMPLAINANTS' EXHIBIT No. 523

"This memorandum release covers the construction of approximately 43 miles of rural lines in Rhea County, Tennessee, on behalf of the City of Dayton, to serve 160 customers. This work is being done under the terms of a contract between the City of Dayton and the REA and a contract between TVA and the City of Dayton, under the terms of which this work is to be financed by REA and the TVA is to be reimbursed for the expenditures."

## COMPLAINANTS' EXHIBIT No. 524

TVA corporate resolution dated January 11, 1936, approving allotment release in the amount of \$7,946 for the construction of Bbdenham Extension from Pulaski, Giles County, Tennessee.

(Omitted)

## [fol. 3022] COMPLAINANTS' EXHIBIT No. 525

TVA corporate resolution dated January 11, 1936, approving allotment release in the amount of \$13,656 for the construction of a substation west of Ardmore, Lincoln County, Tennessee.

(Omitted)

## COMPLAINANTS' EXHIBIT No. 526

TVA corporate resolution dated January 11, 1936, approving allotment release in the amount of \$30,950 for construction of Mantachie-Kirkville-Marietta Rural Line, Itawamba County, Mississippi.

(Omitted)

## COMPLAINANTS' EXHIBIT No. 527

TVA corporate resolution dated January 11, 1936, approving allotment release in the amount of \$16,305 for construction of Birmingham Ridge, Saltillo, Hub Rural Electric Line, Lee County, Mississippi.

(Omitted)



## [fol. 3023] COMPLAINANTS' EXHIBIT No. 528

TVA corporate resolution dated January 11, 1936, approving allotment release in the amount of \$145,706 for construction of Rural Electric Lines in South Half of Lincoln County, Tennessee.

(Omitted)

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## COMPLAINANTS' EXHIBIT No. 529

TVA corporate resolution dated January 18, 1936, approving allotment release for Gravel Pit Line Extension to Bigbee, Monroe County, Mississippi. The allotment release, attached to and referred to in the approving resolution, states:

"This line, when complete, will serve 14 residential, 2 commercial, and 1 industrial customers, including the Amory Sand & Gravel Company, and will produce an annual revenue of \$1,500 to the City of Amory after the first year.

This line is being constructed on behalf of the City of Amory under the terms of contracts between Amory, the REA, and TVA. The work is to be financed by REA, who are to reimburse the TVA for all expenditures. The cost of this line is estimated at \$5,293."

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## COMPLAINANTS' EXHIBIT No. 530

TVA corporate resolution dated January 18, 1936, approving allotment release in the amount of \$128,000 for Rural Electric Line Construction in Hardin and McNairy Counties, Tennessee. The allotment release, attached to and referred to in the approving resolution, states:

"This release provides for the construction of 75.7 miles of primary 12 kv. line, including 15.1 miles of three phase, 60.6 miles of single phase, and the acquisition from the [fol. 3024] Alcorn County Electric Power Association of 27 miles of existing three phase line in Hardin and McNairy Counties, Tennessee.

The proposed project will be operated by a new cooperative membership association in Hardin and McNairy

## COMPLAINANTS' EXHIBIT No. 530

Counties, and will include all of the lines in this area now owned by the Alcorn County Association.

The attached summary sheets, which were taken from a detailed report entitled 'Recommendations for Rural Electrification in Hardin and McNairy Counties, West Tennessee, Project No. 1,' dated December 10, 1935, show that the first year revenue, when applied to the operating expenses and fixed charges, leaves a deficit of \$75.00 before depreciation, and that the second year annual revenue will be ample to cover all costs except depreciation. Amortization collections based upon first year figures will amortize the project in about twenty-one years, and this period will be reduced on the basis of increased collections in future years."

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## COMPLAINANTS' EXHIBIT No. 531

TVA corporate resolution dated January 18, 1936, approving allotment release in the amount of \$111,133 for the construction of Bedford County, Tennessee, Rural Electrification Project. The allotment release, attached to and referred to in the approving resolution, states:

"This allotment release provides for the construction of approximately 117 miles of single phase, 6900 volt, standard type rural power lines, in Bedford County, Tennessee.

Detailed estimate attached includes cost of complete secondaries, transformers, services and meters to serve 585 prospective rural customers.

The attached report on the financial feasibility of this project indicates that the first year revenue will cover the operating expenses and fixed charges except depreciation, and that the amortization collections should amortize the property in about 22 years."

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## [fol. 3025] COMPLAINANTS' EXHIBIT No. 532

TVA corporate resolution dated March 17, 1936, approving allotment release in the amount of \$114,000 for

## COMPLAINANTS' EXHIBIT No. 532.

extension of transmission system to Milan, Bolivar and Somerville, Tennessee. The allotment release, attached to and referred to in the approving resolution, states:

"This release covers the extension of the TVA transmission system to the municipalities of Milan, Bolivar, and Somerville, Tennessee, including the construction of a 44 kv. line from Jackson to Bolivar, which is to be operated temporarily at 12 kv., and 12 kv. lines from Jackson to the Gibson County system, and from Bolivar to Somerville, together with the necessary substations. These three municipalities have already signed contracts for electric service.

Milan will be served by the Gibson County line over the proposed Gibson County rural system. Arrangements will be made for reimbursing the Gibson County Association for our use of their system for transmission purposes. It is expected that the portion of this line which lies in Madison County will eventually be sold to the Madison County Association as soon as this Association may acquire a rural system.

The line from Jackson to Bolivar is to be built for ultimate operation at 44 kv. in anticipation of future load growth and possible extension of this line to other West Tennessee points. Under present conditions, however, this line will operate satisfactorily at 12 kv., making it possible to postpone the construction of 44 kv. substation facilities."

## COMPLAINANTS' EXHIBIT No. 533

TVA corporate resolution dated March 17, 1936, approving allotment release in the amount of \$110,795 for construction of Rural Electrification Project in Gibson County, Tennessee. The allotment release, attached to and referred to in the approving resolution, states:

"Estimated retail revenues to the Gibson County Association are as follows:

1st year .....	\$14,716
2nd year .....	22,226
3rd year .....	28,280

## COMPLAINANTS' EXHIBIT No. 533

[fol. 3026] Estimated income and expense statements for the first, second and third years are attached. These statements show that after the first year the annual revenues will pay all operating expenses and fixed charges except depreciation, and that the third year revenue will provide a net income approximately equal to the depreciation.

It is expected that the development of other uses for electricity in the county, such as electric hot beds, will provide additional load which was not included in the revenue estimate."

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## COMPLAINANTS' EXHIBIT No. 534

TVA corporate resolution dated April 14, 1936, approving allotment release in the amount of \$5,400 for the construction of Pratt Single-Phase Rural Line Extension for Prentiss County Association—Prentiss & Lee Counties, Mississippi. The allotment release, attached to and referred to in the approving resolution, states:

"This line is to be built for and on behalf of the Prentiss County Electric Power Association in accordance with the request of its executive committee as of March 24, 1936. The total cost of the work, including overheads of 5%, for engineering, 6½% for administration, and 1% for tool depreciation, will be charged to the Association as an increase in its long term indebtedness.

Twenty-five residential and three commercial customers will be served initially, producing a revenue to the Association of \$1,032 the first year and \$1,236 the third year, giving ratios of investment to revenue of 5.2 and 4.4 to 1, respectively.

The first year amortization collections will be \$218 and, with normal load growth, these collections should be sufficient to amortize the indebtedness in about twenty years. It is estimated that the first year revenue of \$1,032, which includes the amortization collections, will be sufficient to pay all operating costs and fixed charges except depreciation. Revenue after the first year is expected to pay all charges."

## [fol. 3027] COMPLAINANTS' EXHIBIT No. 535

TVA corporate resolution dated April 14, 1936, approving allotment release in the amount of \$87,400 for the construction of Rural Lines in Catoosa County, Georgia, for the North Georgia Electric Membership Corporation. The allotment release, attached to and referred to in the approving resolution, states:

"This release covers the construction of 92 miles of single-phase 7/12 kv. rural line from the Tennessee-Georgia state line along various county roads and state highways and in Catoosa County for the North Georgia Electric Membership Corporation.

This system will serve initially a total of 509 rural customers in Catoosa County, including 14 commercial and 495 residential. The estimated retail revenues, including amortization charges, are as follows:

1st year .....	\$14,490
2nd year .....	19,551
3rd year .....	26,595

The estimated Income and Expense Statement for the first three years indicates that the third year revenue will provide a net income before depreciation of \$1,995.00 in addition to the amortization collections which will be sufficient to amortize the investment in 14 years. Revenues after the third year will be sufficient to cover all operating costs and fixed charges."

## COMPLAINANTS' EXHIBIT No. 536

TVA corporate resolution dated June 19, 1936, approving allotment release in the amount of \$6,000 for construction of Transformer Station at Ooltewah, Tennessee. The allotment release, attached to and referred to in the approving resolutions, states:

"This release covers the installation of a transformer station at Ooltewah, Tennessee, at the proposed interchange point with the Tennessee Electric Power Company, for the purpose of supplying the proposed rural system in North Georgia and the connecting rural lines which are to be financed by REA.

## COMPLAINANTS' EXHIBIT No. 536

The construction of the 66 miles of rural line in Catoosa County, Georgia, to be served by this transformer station is practically complete and TVA has been authorized to [fol. 3028] proceed with the survey of approximately 300 miles of additional rural lines in North Georgia, to be financed by REA and served from this same point.

The interconnecting line between Ooltewah and the North Georgia system will be a part of a rural system in Hamilton County, Tennessee, which is also to be financed by REA."

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## COMPLAINANTS' EXHIBIT No. 537

TVA corporate resolution dated June 29, 1936, approving allotment release for Rural Line Construction for North Georgia Electric Membership Corporation. The Allotment release, attached to and referred to in the approving resolution, states:

"This release covers the construction of 357 miles of 11 kv. rural lines in Hamilton County, Tennessee, and Catoosa, Whitfield, Gordon, Walker, Floyd, Murray and Chattooga Counties in Georgia.

This release is supplementary to previous release entitled 'Engineering for Rural Lines in North Georgia for the North Georgia Electric Membership Corporation', which was issued in the amount of \$6,000 for the fiscal year 1936, with a total estimated cost for engineering of \$12,050. The estimated total cost of \$348,550, as shown in the present supplementary release, includes the amount covered by the previous release.

This construction work will be performed by TVA and financed by REA. The \$6,000 covered by the previous release will cover all engineering and construction work to be performed during the present fiscal year.

A contract between TVA and the North Georgia Electric Membership Corporation, covering this construction work, has been executed by the North Georgia Corporation and submitted to TVA for final approval. The REA loan to the North Georgia Corporation has been approved."



## COMPLAINANTS' EXHIBIT No. 538

TVA corporate resolution dated July 1, 1936, approving allotment release in the amount of \$98,705 for the construction of Cullman County, Alabama—Rural Electrification Project. The allotment release, attached to and referred to in the approving resolution, states:

"This release provides for the construction of a rural electric system in Cullman County, Alabama, consisting of 98 miles of rural line including 28 miles of 3-phase and 70 miles of single-phase 7/12 kv. lines, including transformers, secondaries, meters and services for serving 478 customers. The first year retail revenue will be approximately \$11,141 in addition to amortization collections at \$2,938, or a total of \$14,079. Ratios of investment to total income, including amortization payments, are as follows:

First year .....	6.7 to 1
Second Year .....	6.2 to 1
Third Year .....	5.4 to 1

This system will be constructed for, and operated by, the Cullman County Electric Membership Corporation, who will repay the Authority for the construction costs out of amortization collections and surplus revenues. Wholesale power revenue to the Authority for the first year will be approximately \$3,110.

The REA has been requested to finance a part of the project consisting of approximately 26.6 miles of line, at a cost of approximately \$25,270 of the above total. If an REA loan for this purpose is granted a credit release in this amount will be prepared, leaving a balance of \$70,230 to be financed by TVA."

## COMPLAINANTS' EXHIBIT No. 539

TVA corporate resolution dated July 6, 1936, approving allotment release in the amount of \$305,250 for the construction of the Pickwick-Memphis Transmission Line. The allotment release, attached to and referred to in the approving resolution, states:

"The total cost of this line, in addition to the amount covered by the previous release, is estimated at \$1,187,725.

## COMPLAINANTS' EXHIBIT No. 539

No expenditures will be made during the present budget period, but commitments for the foundation and tower steel, in the total amount of \$306,280, will be made prior to June 30, 1936.

This line is to be constructed for ultimate operation at 220 kv. with initial operation at 154 kv. It is to be of single circuit steel tower construction with ground wire and three 636,000 cm. aluminum conductors, steel reinforced. The estimated total length is 110 miles."

## [fol. 3030] COMPLAINANTS' EXHIBIT No. 540

TVA corporate resolution dated July 14, 1936, approving allotment release for Rural Line Construction for Meigs County Electric Membership Corporation. The allotment release, attached to and referred to in the approving resolution, states:

"This release covers construction of 114 miles of rural line in Meigs, Rhea, Cumberland, and McMinn Counties, Tennessee, for the Meigs County Electric Membership Corporation. This construction is to be financed by REA from a loan of \$120,000. A construction contract with the Meigs County Electric Membership Corporation, covering construction of these lines by the TVA, has been executed. The estimated construction costs are as follows:

34.5 miles of 3-phase, 12 kv. lines	\$40,986
79.5 " " single-phase "	70,643
Total—114 miles	\$111,629"

## COMPLAINANTS' EXHIBIT No. 541

TVA corporate resolution dated August 21, 1936, approving allotment release in the amount of \$234,685 for the construction of the South Side of Memphis Substation. The Allotment release, attached to and referred to in the approving resolution, states:

"This substation is necessary in order to provide service to the City of Memphis in the Spring of 1937 over the proposed Pickwick-Memphis transmission line."

## [fol. 3031] COMPLAINANTS' EXHIBIT No. 542

TVA corporate resolution dated September 5, 1936, approving allotment release in the amount of \$19,286 for the construction of Additional Rural Lines in Lincoln County, Tennessee. The allotment release, attached to and referred to in the approving resolution, states:

"This work is to be performed by the TVA for the Lincoln County Electric Membership Corporation as an increase in their long term indebtedness. The cost will be repaid over a period of years out of amortization collections and surplus revenues."

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COMPLAINANTS' EXHIBIT No. 543

TVA corporate resolution dated September 21, 1936, approving allotment release for the Rural Electrification Project—Rutherford and Wilson Counties, Tennessee—Transmission Line Construction for the Middle Tennessee Electric Membership Corporation. The allotment release, attached to and referred to in the approving resolution, states:

"This memorandum release covers the construction of approximately 261 miles of rural transmission line, complete with secondaries, transformers and services, in Rutherford and Wilson Counties, Tennessee, on behalf of the Middle Tennessee Electric Membership Corporation.

This work is to be financed by REA, who have granted a loan to the above corporation for this project. Repayment will be made by the corporation to TVA from this loan during the current fiscal year.

The estimated total cost of the work is \$254,180, with retail revenues to the Middle Tennessee Corporation of approximately \$38,000 the first year, which gives a ratio of 6.7 to 1. An estimated total of 1250 customers will be served, of whom 918 have already signed for service. The first year revenue to TVA from this project is estimated at approximately \$12,000.

The project will be served from an 11 kv., 3-phase line which is to be run from the Columbia Substation into Bedford County, connecting with the proposed system near Midland, in Rutherford County."

## [fol. 3032] COMPLAINANTS' EXHIBIT No. 544

TVA corporate resolution dated September 23, 1936, approving allotment release for Rural Line Construction for the City of Athens in Limestone County, Alabama. The allotment release, attached to and referred to in the approving resolution, states:

"This release covers the construction of approximately 65.5 miles of rural lines in Limestone County, Alabama; the addition of a neutral conductor to approximately 2.6 miles of existing 11 kv. lines, and rebuilding approximately 3.4 miles of the present Athens city distribution system, to provide for the installation of a single phase, 6900 volt circuit.

This work is to be financed by the REA and to be constructed by TVA. An REA allotment has been requested.

The estimated income and expense statement for this project shows that the retail operating revenues and amortization collections will be sufficient to pay all operating expenses and fixed charges. The ratio of investment to first year revenue is approximately 6.6 to 1.

## Summary of Estimated Cost

New Construction, 65.5 miles.....	\$60,679
Addition of Neutral Conductor, 2.6 miles.....	430
Rehabilitation of Existing System, 3.4 miles.....	4,299
Total .....	<u>\$65,408"</u>

## COMPLAINANTS' EXHIBIT No. 545

TVA corporate resolution dated September 25, 1936, approving allotment release in the amount of \$89,864 for Jackson-Trenton 44 kv. Line and Substations—Engineering, Survey, and Right-of-way. The allotment release, attached to and referred to in the approving resolution, states:

"This work is necessary in order to provide adequate facilities for serving industrial loads at Trenton and to make it possible to serve the proposed West Tennessee rural projects in Dyer, Obion, and Weakley Counties. The

## COMPLAINANTS' EXHIBIT No. 545

existing 12 kv. facilities between Jackson, Milan and Trenton are inadequate to serve the contemplated loads at Trenton, and the distances involved are such that it is impracticable to serve the new county projects from the existing system.

A rural electrification project has been approved by REA, covering the rural line construction in the area above mentioned. It will be necessary to complete the work covered by the present release before service can be supplied to the proposed project.

The estimated total cost of this work is as follows:

Jackson-Trenton 44 kv. Line .....	\$78,170
Trenton Transmission Substation .....	34,259
Jackson Transmission Substation Additions ...	83,304
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Total .....	\$195,733

Of the above amount, the following expenditures are covered by the present release:

Surveying .....	\$3,050
Engineering and Drafting .....	2,780
Overheads, 12½% .....	730
Additions to Jackson Substation .....	83,304
<hr/>	
Total .....	\$89,864"

## COMPLAINANTS' EXHIBIT No. 546

TVA corporate resolution dated October 6, 1936, approving allotment release in the credit amount of \$23,258 for Rural Line Construction—Cullman County, Alabama. The allotment release, attached to and referred to in the approving resolution, states:

"This supplementary release covers a credit in connection with previous release 42521, due to agreement of REA to finance some of the rural line construction in Cullman County which was covered by the previous release.

## COMPLAINANTS' EXHIBIT No. 546

The complete rural system in Cullman County as now planned and under construction consists of the following:

	Financed by TVA	Financed by REA
Single-Phase Lines—Miles .....	55.4	101.0
Three-Phase Lines—Miles .....	16	0
Totals .....	71.4	101.0

[fol. 3034] The total cost of the work will be \$175,549, of which \$72,242 will be financed by TVA and \$103,307 by REA.

To date REA has granted allotments of \$27,000 and \$36,000 respectively for this work, and have under consideration a third allotment in the amount of approximately \$43,000, approval of which is anticipated.

Amount of previous release #42521 .....	\$95,500
Revised estimate of TVA expenditures .....	72,242
Net reduction in expenditures by TVA .....	23,258"

## COMPLAINANTS' EXHIBIT No. 547

TVA corporate resolution dated October 22, 1936, approving allotment release in the amount of \$7,375 for Mimosa Rural Line Extension in Lincoln County, Tennessee.

(Omitted)

## COMPLAINANTS' EXHIBIT No. 548

TVA corporate resolution dated October 26, 1936, approving allotment release in the amount of \$2,651 for rebuilding Rural Line for City of New Albany, Mississippi. The allotment release, attached to and referred to in the approving resolution, states:

"This work is necessary in order to meet the requirements of the Mississippi State Highway Department



## COMPLAINANTS' EXHIBIT No. 548

program of road building on Highway #78. The cost of the work is to be borne by the City of New Albany and, since they are not in a position to do the work and do not have sufficient funds to finance it, they have requested that we perform and finance the work as an addition to the long-term indebtedness of the City to the Authority, or will be paid by the city out of current surpluses."

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## [fol. 3035] COMPLAINANTS' EXHIBIT No. 549

TVA corporate resolution dated December 7, 1936, approving allotment release for Rural Line Construction for Gibson County Electric Membership Corporation. The allotment release, attached to and referred to in the approving resolution, states:

"This supplementary release covers the construction of 131 miles of rural distribution line in Dyer and Obion Counties on behalf of the Gibson County Electric Membership Corporation, at a cost of \$143,323, to be financed by REA.

The existing Gibson County system consists of approximately 104 miles of distribution line. The addition of the proposed lines covered by this release will result in a total of 235 miles of line, serving 1,017 customers, at a total investment of \$254,118."

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## COMPLAINANTS' EXHIBIT No. 550

TVA corporate resolution dated December 7, 1936, approving allotment release for Rural Line Construction for the Southwest Tennessee Electric Membership Corporation. The allotment release, attached to and referred to in the approving resolution, states:

"This release covers the construction of a rural electric distribution system in Madison, Haywood and Tipton Counties, on behalf of the Southwest Tennessee Electric Membership Corporation. The work covered by this release consists of approximately 295 miles of rural lines, together

## COMPLAINANTS' EXHIBIT No. 550

with the necessary transformers, meters, services and secondaries to serve 1,085 customers. The estimated total cost of this work is \$289,352, to be financed by REA. Expenditures will be incurred by the TVA and repaid during the present fiscal year by the Southwest Tennessee Corporation out of the REA allotment of \$290,000, which has already been approved.

The present TVA investment in Madison County for rural lines which will be transferred to the Southwest Tennessee Corporation is \$15,250. This will make a total investment by the Corporation of \$304,602, with a first year revenue of \$41,040. \* \* \*

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[fol. 3036] COMPLAINANTS' EXHIBIT No. 551.

TVA corporate resolution dated February 5, 1937, approving allotment release for Rural Line Construction for the Duck River Electric Membership Corporation. The allotment release, attached to and referred to in the approving resolution, states:

"This release covers the construction by the TVA of approximately 218.6 miles of 7/12 KV rural lines in Marshall, Moore, and Franklin Counties for the Duck River Electric Membership Corporation. This work will be financed by REA, and it is anticipated that repayments will be made by the Duck River Corporation out of REA payments during the current fiscal year.

A total of 810 customers have signed applications for service and there are approximately 500 additional potential customers in the area. The Duck River Corporation will obtain a revenue estimated at \$28,463, including amortization collections during the first year from the sale of approximately 992,000 KWH. Power purchases by the Corporation from the TVA during the first year are expected to total 1,167,000 KWH, in the amount of \$8,057. The ratio of investment to first year revenue is approximately 7.5 to 1.

This project has been approved by REA and is designated as Tennessee 21 Franklin."

## COMPLAINANTS' EXHIBIT No. 552.

TVA corporate resolution dated February 16, 1937, approving allotment release in the amount of \$16,127 for Rural Line Construction and Capital Repayments for Tombigbee Electric Power Association. The allotment release, attached to and referred to in the approving resolution, states:

"This release covers transactions during the fiscal year 1937 on account of rural line construction for, and capital repayments by, the Tombigbee Electric Power Association.

1. A net balance of \$5,857 is required for completion of projects started during the fiscal year 1936 under Allotment Release #2138. Construction by TVA.

2. An estimated credit of \$13,200 is included to cover capital repayments of amortization collections by the Association during the current fiscal year.

[fol. 3037] 3. An additional amount of \$23,470 is requested to finance the construction of approximately 26.8 miles of single-phase line extensions to serve 170 present and 47 future additional customers in the operating area of the Tombigbee Association, which comprises Lee and Itawamba Counties, Mississippi. Thirteen short extensions, varying from 0.4 to 8 miles in length, are contemplated, as covered by the attached list of extensions and general summary of financial data. Construction by TVA.

The Authority's net investment in the Association as of June 30, 1936, was \$374,935. The operations of the Association to the date of October 31, 1936, showed a net deficit of approximately \$7,000 after all expenses, including a reserve for depreciation. The proposed extensions appear to be on a very sound financial basis, and will contribute materially to the reduction of this deficit. In view of these conditions, it is recommended that the additional extensions be financed by TVA rather than asking REA to participate."

## COMPLAINANTS' EXHIBIT No. 553.

TVA corporate resolution dated April 9, 1937, approving allotment release in the amount of \$20,000 for Rural Line Construction in Franklin County, Alabama. The allotment

## COMPLAINANTS' EXHIBIT No. 553

release, attached to and referred to in the approving resolution, states:

"The present investment of the Authority in distribution properties in this county is \$3,387, of which \$2,312 represents the purchase price of rural lines acquired from the Alabama Power Company, and \$1,095 the estimated total cost of short extensions and service connections constructed or under construction by the Authority.

The ultimate disposition of this distribution property has not been determined, but it is probable that arrangements can be made for either including it as a portion of the Colbert County system or transferring it to the City of Russellville at such time as the latter municipality may acquire a distribution system and complete a contract for TVA service. It is also possible that a separate power association may be established in Franklin County if the size of the system is sufficiently increased."

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[fol. 3038] COMPLAINANTS' EXHIBIT No. 554.

TVA corporate resolution dated May 15, 1937, approving allotment release in the amount of \$141,650 for Additions to Tupelo and Pontotoc Substations. The allotment release, attached to and referred to in the approving resolution, states:

"This release covers the estimated obligations during the fiscal year 1937 in connection with the necessary additions to the Tupelo primary substation, and the construction of the Tupelo-Pontotoc line, which are required for the proposed service to Sardis Dam; also construction of a 44 kv. substation at Pontotoc which is necessary in order to supply the increased demands at that location, due to load growth of the Pontotoc Association.

. . . . .

The estimated total revenue from the Sardis load will be at least \$250,000 over a period of three years, after which time the proposed facilities will be useful in expanding the transmission facilities of the Mississippi Division and in making a possible future connection to the Mississippi Power and Light Company in western Mississippi."

## COMPLAINANTS' EXHIBIT No. 555.

TVA corporate resolution dated May 15, 1937, approving allotment release in the amount of \$107,914 for Rural Line Construction in Lawrence and Morgan Counties, Alabama. The allotment release, attached to and referred to in the approving resolution, states:

"This release provides for the construction of additional lines in Lawrence and Morgan Counties, Alabama, and the rearrangement of certain existing lines where necessary, in order to complete an integrated distribution system.

. . . . .

Upon completion of the proposed lines the entire system, including also the existing lines in Lawrence and Morgan Counties, Alabama, will be transferred to the newly incorporated Joe Wheeler Electric Membership Corporation, and this corporation will enter into negotiations with the Alabama Power Company for the acquisition of the urban distribution systems in Hartselle, Falkville, Moulton, Town Creek, and Courtland. The acquisition, as well as the pro-[fol. 3039] posed construction work, will be financed by the Authority. Release covering the amount necessary for the acquisition, estimated at approximately \$132,679, will be prepared at the time when these negotiations are completed.

The attached estimated income and expense statement is based upon the completion of the program outlined above, that is, combination of the existing lines, the proposed new lines, and the existing urban distribution systems into a single project, to be operated by the Joe Wheeler Electric Membership Corporation. On this basis, the estimate shows a surplus after depreciation of \$878 the first year and \$8,830 the second year."

## COMPLAINANTS' EXHIBIT No. 556.

TVA corporate resolution dated May 15, 1937, approving allotment release in the amount of \$4,050 for Rural Line Extension to New Harmony for the City of New Albany, Mississippi.

(Omitted)

**COMPLAINANTS' EXHIBIT No. 557.**

TVA corporate resolution dated June 3, 1937, approving allotment release for construction of Pontotoc-Sardis Transmission Line and Sardis Substation for U. S. Army Engineers.

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 558.**

TVA corporate resolution dated June 3, 1937, approving allotment release in the amount of \$2,100 for additional changes to Hartselle Primary Substation.

(Omitted)

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[fol. 3040] **COMPLAINANTS' EXHIBIT No. 559.**

TVA corporate resolution dated June 3, 1937, approving allotment release in the amount of \$6,402 for Rural Line Extension and Substation Changes for the Tishomingo County Electric Power Association.

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 560.**

TVA corporate resolution dated July 2, 1937, approving allotment release in the amount of \$241,000 for Construction of the North Side Memphis Substation.

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 561.**

TVA corporate resolution dated July 2, 1937, approving allotment release in the amount of \$610,000 for Additions to the South Memphis Substation for Service to Arkansas.

(Omitted)



## COMPLAINANTS' EXHIBIT No. 562.

TVA corporate resolution dated July 2, 1937, approving allotment release in the amount of \$60,000 for 110 kv. Arkansas Tie Line from Memphis.

(Omitted)

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## [fol. 3041] COMPLAINANTS' EXHIBIT No. 563

TVA corporate resolution dated July 2, 1937, approving allotment release in the amount of \$206,000 for South Memphis-North Memphis 110 kv. Tie Line.

(Omitted)

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## COMPLAINANTS' EXHIBIT No. 564

TVA corporate resolution dated July 23, 1937, approving allotment release in the amount of \$269,000 for service to Volunteer Portland Cement Company. The allotment release, attached to and referred to in the approving resolution, states:

"This release provides for the construction of the necessary facilities for serving the Volunteer Portland Cement Company near Knoxville, Tennessee. The Authority is under contract obligation to serve this company at the earliest possible date, and it is therefore essential that the facilities be installed without delay.

The necessary facilities include a 110 kv. transmission line from Norris Dam to the Volunteer plant; a 4500 kva., 110/2.3 kv. substation at Volunteer; and temporary transformation and switching facilities at the Norris Dam substation."

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## COMPLAINANTS' EXHIBIT No. 565

TVA corporate resolution dated August 13, 1937, approving allotment release in the amount of \$9,000 for Rural Line Construction for the Duck River Electric Membership Corporation. The allotment release, attached to and referred to in the approving resolution, states:

"We have been requested by the Duck River Corporation to finance and construct this line as an increase in the long-term debt of the Corporation."

## [fol. 3042] COMPLAINANTS' EXHIBIT No. 566

TVA corporate resolution dated August 13, 1937, approving allotment release for Rural Line Construction for the Southwest Tennessee Electric Membership Corporation. The allotment release, attached to and referred to in the approving resolution, states:

"The estimated total cost of the work, which is to be financed by REA, is \$23,000. The estimated annual revenue to the Association is \$6,257, which gives a ratio of 3.7 to 1 and makes this project appear feasible from the financial standpoint.

An REA allotment, in the amount of \$23,000, has just been made to cover this project."

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## COMPLAINANTS' EXHIBIT No. 567

TVA corporate resolution dated September 14, 1937, approving allotment release in the amount of \$319,000 for Transmission System Reinforcement in Middle Tennessee. The allotment release, attached to and referred to in the approving resolution, states:

"This release provides for the construction of a 44 kv. transmission line from Pulaski to Fayetteville, Tennessee with the necessary terminal connections to feed the rural system of the Lincoln County Electric Membership Corporation and part of the Duck River system, also a 44 kv. line from Columbia to Murfreesboro, Tennessee, with the necessary substation at Murfreesboro to feed the rural system of the Middle Tennessee Electric Membership Corporation and the balance of the Duck River system. These facilities are necessary in order to overcome existing operating difficulties and also to take care of the rapidly increasing loads of the respective systems and to provide future service to the city of Fayetteville."

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## [fol. 3043] COMPLAINANTS' EXHIBIT No. 568

TVA corporate resolutions dated October 16, 1933, authorizing the execution of power contracts:

"Resolved, That the Authority enter into contracts to supply power to the Alabama towns of Florence, Tuscumbia,

## COMPLAINANTS' EXHIBIT No. 568

Sheffield, and Muscle Shoals City, and to such other municipalities located along the Tupelo transmission line, as already have or will construct at their own expense suitable power transmission facilities, at rates in accordance with the wholesale rate schedule for Tupelo transmitted power contained in Exhibit 10-16-33b, a true copy of which is attached to these minutes.

Further Resolved, That Arthur E. Morgan be and he hereby is authorized to execute on behalf of the Authority, said contracts to supply power to municipalities."

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## COMPLAINANTS' EXHIBIT No. 569

TVA corporate resolution dated December 15, 1933, authorizing creation of corporation to discount commercial paper:

"At his request the Board granted Mr. Lilienthal authority to create a corporation under the laws of the State of Delaware with power to discount commercial paper to be obtained from manufacturers of electrical appliances licensed by the Authority, and with power to do such other things as are necessary to facilitate the business of discounting commercial paper."

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## COMPLAINANTS' EXHIBIT No. 570

TVA corporate resolution dated December 16, 1933, approving project for construction of rural electric transmission lines.

"The Board approved the project submitted by David E. Lilienthal dated December 6, 1933, and titled "Construction of Rural Electric Transmission Lines in the Five Mississippi [fol. 3044] Counties of Lee, Pontotoc, Monroe, Alcorn, and Tishomingo, and in Lauderdale County, Alabama". A true copy of the project, labeled Exhibit 12-16-33c, is attached to these minutes and made a part hereof."

## COMPLAINANTS' EXHIBIT No. 570

12-16-33C.

Tennessee Valley Authority

CWA

Project Authorization Request

Fund CWA-TVA.

Project Rural Electrification.

Allotment Power Division

From David E. Lilienthal.

Date: December 6, 1933.

Project Title: Construction of rural electric transmission lines in the five counties of Lee, Pontotoc, Monroe, Alcorn and Tishomingo, Mississippi.

## Description

1. Location: General administration from Wilson Dam, Florence, Alabama. Mississippi administration headquarters, Tupelo, Miss.

2. Purpose: Construction of rural electric transmission lines to serve the rural areas of Lee, Pontotoc, Monroe, Alcorn and Tishomingo Counties, Mississippi, using C. W. A. labor.

3. Procedure: With the aid of County Agents, working through the Agricultural section of Dr. H. A. Morgan's department, to locate suitable route for transmission lines to serve the rural residents of the five counties; securing permits and rights of way along County and State highways; securing the aid of farmers in providing tools, transportation and poles in so far as possible; and using C. W. A. workers in getting out poles, digging holes and erecting poles, cross arms, and stringing wire.

## 4. Organization:

Project Engineer: Llewellyn Evans, Chief Electrical Engineer, will serve as the head of the rural electric transmission section, with Gray W. Thaxton, Assistant Engineer, headquarters Tupelo, Miss., in direct charge, under the supervision of Mr. Evans.

Personnel available for the work: Mr. Thaxton, and such assistants as Mr. Evans may assign to the work.

## COMPLAINANTS' EXHIBIT No. 570

Additional personnel required: One thousand and forty five C.W.A. workers, including skilled and unskilled laborers, supervisors and foremen.

Services or cooperation of other departments required: The full cooperation of the Department of Agricultural and Industrial Relations, including Mr. Rommel, Mr. McAmis, and Mr. Ferris, and also the Purchasing Department.

Services or cooperation of outside organization necessary: The C. W. A. administration, both national and for the State of Mississippi, the county agricultural agents, municipal and county officials, and farmers organizations are cooperating even to the point of lending personal services, furnishing tools and transportation for personnel, equipment and materials, aiding in securing rights of way, and such other services which may be helpful in the installation of these county transmission lines.

## 5. Estimated Cost

	Previously Authorized		Additional Authorization Amount	Total Amount
	Number	Amount		
Payroll.....	1	\$500	CWA \$112,500	\$113,000
Travel & Subsistence.....			TVA 2,500	2,500
Equipment.....			TVA 17,000	17,000
Materials & Supplies.....			TVA 33,500	33,500
Other Expenses.....			TVA 1,000	1,000
Totals.....			\$166,500	\$167,000

## 9. Recommendations

To take advantage of the opportunity offered by the U. S. Civil Works Administration to furnish skilled and unskilled workers out of C. W. A. funds for the construction of rural electric transmission lines, it is recommended that a maximum of 1,045 C. W. A. workers be used in the construction of such rural electric transmission lines in the counties of Lee, Pontotoc, Monroe, Alcorn and Tishomingo Counties, Mississippi.

The extension of these rural transmission lines will be made in connection with the small industry and agricultural development projects initiated in these five counties by the

## COMPLAINANTS' EXHIBIT No. 570

industrial and agricultural relations section under Dr. H. A. Morgan's general direction. G. M. Rommel, J. C. McAmis and J. P. Ferris of this section are working closely with Guy W. Thaxton, of the rural electrification section of the Power Division.

The supervisors, foremen, skilled and unskilled labor will be paid entirely out of C. W. A. funds by the C. W. A. Administrator of Mississippi.

Travel and subsistence of T. V. A. staff members assigned to the work, equipment and materials are to be paid out of T. V. A. funds.

The cooperation of the local farmers, city and county officials will be sought in securing all rights of way, permits to use state and county highway rights of way for transmission lines, small tools and transportation for personnel and materials, poles and other equipment. All other equipment and materials not loaned or donated will be rented or purchased. [fol. 3046] The work for which the C. W. A. laborers will be used will consist of staking out the lines, getting out, dressing and hauling poles, clearing any right of way necessary, digging the holes, erecting the poles, putting on the cross arms and stringing the wire. The last items will permit the use of more skilled labor out of C. W. A. funds, and will thereby assist in reducing the ultimate cost of these rural transmission lines.

It is understood that the construction of these rural transmission lines is not for an immediate use; after the lines are completed it will be necessary to provide transformers and sub-stations to step down the current from the Muscle Shoals-Tupelo transmission line, and make the physical connection. It will also be necessary to set up the distribution management organization or system to make contracts with the farmers, and operate the rural lines. It is contemplated that the distribution over the rural lines to be constructed may be in charge of a cooperative association to be set up by the industrial and agricultural section of Dr. H. A. Morgan's department. By furnishing the materials and equipment used in the construction of the lines, the Government may retain title to these lines as long as it may be deemed necessary by the Authority."

To avoid repetition the Project Authorization Request for construction of rural electric transmission lines in Lauder-



## COMPLAINANTS' EXHIBIT No. 570

dale County, Alabama, bearing the same date and composing a part of the Exhibit 12-16-33c attached to said resolution is not set forth herein at length. It contains the same comments except only 209 C. W. A. workers were required as additional personnel and the cooperation of C. W. A. administrators in the State of Alabama was contemplated. The total estimated cost was \$35,500.

## COMPLAINANTS' EXHIBIT No. 571

TVA corporate resolution dated April 13, 1934, approving a project entitled "Marketing of Power Produced by the Tennessee Valley Authority".

"A project, titled 'Marketing of Power Produced by the Tennessee Valley Authority,' was approved. A true copy of the project, labeled Exhibit 4-13-34e, is attached to these minutes and made a part hereof.

4-13-34E.

Tennessee Valley Authority

Project Authorization Request

Fund—

Project Electric Division

Allotment—

From: D. E. Lilienthal

Date: April 4, 1934

Project Title: Marketing of power produced by TVA.

## Description

1. Location:
2. Purpose: Increasing the use of electricity in Valley area.
3. Procedure: Employment of advertising agency to furnish special technical assistance in preparation and supervision of specialized printing service and material.

## COMPLAINANTS' EXHIBIT No. 571

## 4. Organization:

Project Engineer:

Personnel available for the work: D. E. Lilienthal,  
G. D. Munger, W. B. Phillips.

Additional personnel required: Advertising agency.

Services or cooperation of other departments required:  
Information, Sales Promotion, Purchasing, Accounting, Electric Divisions, EHFA.

Services or cooperation of outside organization necessary:

Printing establishments with specialized equipment.

NOTE: Supplement this project statement with a detailed written report, if necessary.

## 5.

## Estimated Cost

	Previously Authorized		Additional Authorization Amount	Total Amount
	Number	Amount		
Payroll .....				\$10,000.00
Travel & Subsistence .....				
Equipment .....				
Materials & Supplies .....				
Other Expenses—Printing service .....				10,000.00
Totals .....				\$20,000.00

(The above estimate must be supported by detail cost schedules.)

. . . . .

[fol. 3048]

## 9. Recommendations

In order to lay plans for the marketing of power, to assist our municipal customers in the most efficient ways of increasing their consumption, to assist in reducing the distribution cost of appliances in municipalities served by our wholesale contractors, and to formulate plans for the general program of increasing the use of electricity, it seems

## COMPLAINANTS' EXHIBIT No. 571

essential that a contract be entered into between the Tennessee Valley Authority and a large, thoroughly equipped advertising agency, for a period of four months. It is anticipated that the results of this personal service employment will produce results which will be extremely valuable to the Electric Home and Farm Authority, and that the Electric Home and Farm Authority will undoubtedly be willing to bear half of the cost of this service. Mr. Phillips has interviewed the leading advertising agencies in this particular field, and has secured extensive submissions from them.

It is recommended that the Tennessee Valley Authority enter into a contract with the firm of Young & Rubicam, Inc., at a lump sum payment of \$10,000.00 to cover the above described services over a period of four months.

These services will include the preparation and technical work involved in the issuance of publications of a character requiring special service. Compensation for the furnishing of such printed material will be on the basis of actual cost of the printing. Compensation for the services rendered by Young & Rubicam, Inc. in the preparation, placing and supervision of this printing will be covered in the compensation of \$10,000.00 under the contract recommended above.

## COMPLAINANTS' EXHIBIT No. 572

TVA corporate resolution dated June 3, 1937, authorizing communication to War Department re construction of transmission line to Sardis Dam:

"Resolved, That the Board of Directors hereby approves the letter agreement (Exhibit 6-3-37a-1) and authorizes and instructs Arthur E. Morgan to sign and forward the communication to the War Department.

[fol. 3049] Lt. Colonel Lunsford E. Oliver, District Engineer, United States Engineer Office, Vicksburg, Mississippi.

Re Y 131-1.17

DEAR COLONEL OLIVER:

We received your letter of May 25, 1937, advising us that the Chief Engineer desires the Tennessee Valley Authority

## COMPLAINANTS' EXHIBIT No. 572

to construct for the War Department the so-called Pontotoc-Sardis transmission line and substation, and has authorized your office to make the necessary arrangements with the Authority. We understand that this request of the War Department is made pursuant to section 601 of the Economy Act of 1932 (Public, No. 212, 72d Congress).

Pursuant to your suggestion, Major LaGuardia met with representatives of the Authority at Chattanooga on May 26 and discussed the various matters relative to this project. It is our understanding that the arrangement tentatively agreed upon at that conference was as follows:

1. The Authority will construct for and on account of the War Department a 44,000 volt transmission line from Pontotoc to the Sardis Dam Site and the necessary substation at the Sardis Dam site.

. . . . .

4. The Authority will be reimbursed for handling the above work at its actual costs plus its customary charges for overheads. Reimbursement will be made by quarterly payments for the costs incurred by the Authority during the preceeding quarterly periods. The Authority will submit such quarterly statements to you directly and we understand that you will place them in the appropriate channels for payment.

. . . . .

Of course this arrangement for construction of these facilities is made in connection with our contract for the sale of power and is contingent upon the execution of that contract. Our Board of Directors has executed the power contract and we understand that the same has been forwarded to you for your approval.

. . . . .

There are several other matters which we should like to take up with you as early as possible, but Major LaGuardia asked that they be handled separately from the arrangements for construction of the facilities, in order that work on the latter might not be delayed. A few rural electric

## COMPLAINANTS' EXHIBIT No. 572

[fol. 3050] cooperatives in the vicinity of Sardis have applied to us for wholesale power supply. Our engineers advise us that it would be possible for us to transmit from 1,000 to 1,500 kw. of power over your Sardis line, in order to supply these people, without in any way interfering with your power supply or affecting the quality of service which you would obtain. We should like very much to encourage these developments and to supply their power needs, and we are sure that you will feel the same way about it. The Authority would, of course, expect to compensate you for the use of the line. This might be done by way of a reimbursement for line losses, or it might be handled in connection with an arrangement by which the Authority would agree to maintain and operate the Sardis line with its Mississippi personnel. When the Sardis Dam is completed, you will probably have no more use for these transmission facilities, and it may be that by that time the Authority will have developed enough load, or prospective load, in that vicinity to justify us in purchasing the line from you at salvage value. It is our thought that we might provide for an option agreement of this sort and an arrangement with respect to these other matters which would be to the mutual advantage of the Authority and the War Department. We shall appreciate it very much if you will let us have your reaction to these suggestions at your earliest convenience. These matters will, as Major LaGuardia suggested, be considered separately from this agreement regarding the construction of the transmission and substation facilities."

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COMPLAINANTS' EXHIBIT No. 573

TVA corporate resolution dated October 5, 1937, re construction of Power Houses at Chickamauga and Guntersville Dams:

"The Board adopted the recommendations of Assistant Chief Engineer Carl A. Bock, concerned with the construction of power houses at Chickamauga and Guntersville Dams, and set out in his memorandum to the General Manager, dated October 5, 1937. A true copy of the memoran-

## COMPLAINANTS' EXHIBIT No. 573

dum, labeled Exhibit 10-5-37m, was ordered filed with the Authority's records.

[fol. 3051] Mr. John B. Blandford, Jr., General Manager,  
Carl A. Bock, Assistant Chief Engineer

October 5, 1937.

Guntersville and Chickamauga Power Houses (for Board Confirmation)

Upon final discussion with Messrs. A. H. Sullivan, B. M. Jones, T. B. Parker, S. M. Woodward, H. A. Hageman, R. A. Monroe and others we are of the unanimous opinion that the present construction should provide three unit power houses built so as to permit future extension for a fourth unit. This will effect a reduction of some \$400,000 or more in our budget requirements for the next two or three years.

Our present plans contemplate providing foundations in the initial construction for the fourth units."

For brevity's sake other portions of this exhibit are omitted.

## COMPLAINANTS' EXHIBIT No. 574

TVA corporate resolution dated July 30, 1933, re construction of Wilson Dam—Cove Creek transmission line.

"Resolved, That at the earliest possible date the Board proceed with the construction of a transmission line from Wilson Dam to Cove Creek damsite, to provide power for construction purposes and for distribution to cities, counties, and municipalities as from time to time may be necessary or desirable."

## COMPLAINANTS' EXHIBIT No. 575

TVA corporate resolution dated October 16, 1933, approving memorandum setting forth "Basic Provisions for Contracts between the Authority and Municipalities for power".

"Resolved, That every contract to supply power to municipalities be made to contain, in substance, the provi-



## COMPLAINANTS' EXHIBIT No. 575

sions set forth in a memorandum titled "Basic Provisions for Contracts between the Authority and Municipalities for power", a true copy of which, labeled Exhibit 10-16-33a, is attached to these minutes.

[fol. 3052]

## Power Project

**Subject:** Basic Provisions for Contracts between the Authority and Municipalities for Power

I recommend that provisions should be inserted into any contract between the Authority and Municipalities for the purchase and sale of power embodying the following principles. I shall want an opportunity to put the following statements into better legal form, but the substance will not be changed:

1. This is an agreement between the Tennessee Valley Authority, a Corporation created by and acting under the Tennessee Valley Authority Act of 1933, and the City of X, a municipal corporation created and acting under — — —, of the State of — — —.

Whereas, the Authority, by Section 10 of said Act, is "empowered and authorized to sell the surplus power not used in its operations and for operation of locks and other works generated by it to States, Counties, municipalities, corporations, partnerships or individuals, according to policies hereinafter set forth, and to carry out said authority the Board is authorized to enter into contracts for such sale for a term not exceeding twenty years, and in the sale of such current by the Board it shall give preference to States, Counties, municipalities and cooperative organizations of citizens or farmers not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members"; and

Whereas, by Section 11 of said Act it is provided that "This policy is further declared to be that the projects herein provided for shall be considered primarily as for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available, and accordingly that sale to and use by industry shall be a secondary purpose to be utilized principally to secure a sufficiently high

## COMPLAINANTS' EXHIBIT No. 575

load factor and revenue returns which will permit domestic and rural use at the lowest possible rates and in such manner as to encourage increased domestic and rural use of electricity."

The following contract is entered into:

1. The Authority agrees to furnish electricity to the municipality for a period of — years from the date of this agreement. Delivery will be made under the following conditions:

(Here will be set out the voltage and location of the transformer and other physical operating facts respecting delivery, responsibility for the substation and transformers, etc.)

[fol. 3053] 2. The municipality agrees that for said electric service it will make payment to the Comptroller of the Authority, under such rules and regulations as the Authority may from time to time describe, according to the following schedule of rates:

3. It is understood that in the event of a major increase or major decrease in general price levels of such a substantial character as to materially and substantially change the cost basis upon which the rates fixed by this contract are predicated, the parties hereto will cooperate in making adjustments in this contract in the direction of an increase or decrease in the wholesale rates. It is understood, however, that no such adjustments will be negotiated unless the changes in price level are of a major character and of more than momentary duration.

4. It is understood and agreed that if the Authority enters into a contract with any other municipality located on the same transmission line and operating under similar conditions at a lower rate than that fixed by this contract, that the same wholesale rate will be available to the municipality which is a party to this contract.

5. It is understood that this contract is limited to the supply by the Authority of — kilowatt maximum demand. If the needs of the municipality are such as to require an addition to this maximum demand, such increased supply

## COMPLAINANTS' EXHIBIT No. 575

will be the subject of additional and supplementary agreements.

6. It is understood between the parties that the Authority will share with purchasers of power from it, the benefits accruing in the future of reductions in cost of generating and transmitting power, by way of reductions in the wholesale rate fixed by this contract.

7. In order to carry out the obligations of the Authority with respect to a wider use of electricity throughout the area in which it operates, it is understood that the municipality will charge its domestic, commercial lighting, rural and industrial consumers the following schedule of rates.

8. It is a condition of this contract that revisions in these rates will be made only in accordance with the principles set out in No. 11 herein.

9. In consideration of — and as an express condition of this contract, the municipality agrees as follows:

The city will administer its municipal electric system as a separate department or administrative unit of the city and not mingle funds and accounts with general city operations.

The City will agree to keep its utility accounts according to a system of accounts prescribed by the Authority after conference with the City as to such system of accounts, which system of accounts will so far as possible be uniform with [fol. 3054] other systems prescribed and applied in other municipalities purchasing power from the Authority. It is understood that the Authority, at its own expense, will render advisory accounting service in the setting up and administration of these accounts.

10. Electricity shall be sold and distributed to the ultimate consumer under rates fixed by the municipality without discrimination as between consumers of the same class, and no rate shall be fixed or practice adopted which will grant a discriminatory rate, rebate or other special concession to any consumer or user served by said municipality. The municipality, in fixing its rates, will observe the principle that the sale to and use by industry shall be secondary purpose, to be utilized principally to secure a sufficiently high

## COMPLAINANTS' EXHIBIT No. 575

load factor and revenue return which will permit domestic and rural use at the lowest possible rates and in such manner as to encourage increased domestic and rural use of electricity.

11. The municipality agrees that it will make the following disposition of revenues from the operation of its municipal electric system:

Revenues will first be used for operating expense, depreciation, payment to the general fund of the City of taxes at rates equivalent to the taxes and assessments a private system would have to pay, interest on bonds or other indebtedness applicable to the electric system, the amortization of such bonds and other indebtedness, reasonable reserves for new construction and contingencies, and a return on the City's equity of not more than six per cent per annum. After the above items have been taken care of out of revenues, the City hereby agrees that any and all surplus sums available shall be applied toward reductions in rates to consumers.

12. It is understood that the above provisions as to accounting and rates and the disposition of funds by the municipality are a condition of this contract and that their violation renders this contract voidable at the option of the Board of Directors of the Authority.

13. The municipality recognizes an obligation to serve adjoining farming areas wherever such service can be feasibly rendered."

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[fol. 3055] COMPLAINANTS' EXHIBIT No. 576

TVA corporate resolution dated October 16, 1933, re wholesale rate schedule for Tupelo transmitted power:

"David E. Lilienthal submitted a "Wholesale Rate Schedule for Tupelo Transmitted Power," which was approved by the Board. A true copy of this schedule, labeled Exhibit 10-16-33b, is attached to these minutes and made a part hereof.

## COMPLAINANTS' EXHIBIT No. 576

Tennessee Valley Authority  
Wholesale Power Rates

10-16-33b.

## Available:

1. To Municipalities owning their electrical distributing systems with kw. demands of 750 or more.
2. To Others at option of the Authority.

## Transmitted Power Rates:\*

Demand Charge—\$0.90 per kw. per month.

Demand—Maximum integrated sixty (60) minute period.

## Energy Charge:

First	100,000	kilowatt	hours	per	month	at	4	mills	per	kwh.
Next	200,000	"	"	"	"	"	3	"	"	"
Next	700,000	"	"	"	"	"	2.5	"	"	"
Over	1,000,000	"	"	"	"	"	2	"	"	"

## Non Transmitted Power Rates:\*\*

Demand and Energy Charges computed as for "Transmitted Power" but subject to ten per cent (10%) differential i. e., Bill is multiplied by .9 which results in total amount to be billed monthly.

## Minimum Monthly Bill:

\$0.90 per kw. per month, and in no case shall the minimum bill be less than the charge for sixty per cent (60%) of the highest demand occurring during the previous consecutive twelve (12) months period.

Minimum bill subject to a reduction of ten per cent (10%) for customers taking delivery at reservation.

## Adjustment of Demand Charge:

Demand charge may be adjusted if, and when, Authority deems necessary to correct for power factors lower than eighty-five per cent (85%). Such adjustments being made in such manner as will adjust the demand charge to the equivalent of eighty-five per cent (85%) power factor.

October 23, 1933.

\*Delivery at outgoing terminals of main line switch on low tension side of step-down transformers.

\*\*Delivery at Boundary line of Reservation as prescribed by law.



[fol. 3056] COMPLAINANTS' EXHIBIT No. 577

TVA corporate resolution dated May 31, 1934, approving Sale, Lease, Trust, and Security Contract between TVA and Alcorn County Electric Power Association:

"Resolved, that the Board of Directors hereby approves a contract between the Tennessee Valley Authority and the Alcorn County Electric Power Association titled "Sale, Lease, Trust, and Security Contract." A true copy of the proposed contract, labeled Exhibit 5-31-34b, is attached to these minutes and made a part hereof.

Exhibit 5-31-34b

This sale, lease, trust and security contract and agreement entered into this 1st day of June, 1934, by and between Tennessee Valley Authority, (hereinafter called Authority), and United States of America (hereinafter called Government), acting through its legal agent, Authority, (both Authority and Government being included within the phrase First Parties where that phrase is used hereinafter), and Alcorn County Electric Power Association of Alcorn County, Mississippi, (hereinafter called Association and being sometimes also referred to as Second Party where that phrase is used hereinafter),

Witnesseth:

Whereas, Authority and/or Government are the owners of the hereinafter described property which has been and is now being used in the distribution of electric energy in Alcorn County, Mississippi, and vicinity, and Association desires to purchase and lease such property and use the same in the transmission and distribution of electric energy under the plan which has been worked out and agreed upon under a contract entitled "Power Contract Between Tennessee Valley Authority and Alcorn County Electric Power Association," dated 1st day of June, 1934; and

Whereas, provision is made in said "Power Contract," under Article I (a), (b), and (c), for the execution of this instrument and that this instrument shall be a part of said "Power Contract",

Now, therefore, in consideration of the mutual benefits to all parties hereto and of the covenants, promises and agreements herein contained, and those also contained in



## COMPLAINANTS' EXHIBIT No. 577

said "Power Contract," the parties hereto agree and contract as follows:

1. Incorporation of Other Documents: This instrument is executed in connection with and is to be considered a part of a contract styled "Power Contract Between Tennessee Valley Authority and Alcorn County Electric Power Association," dated 1st day of June, 1934.

[fol. 3057] 2. In consideration of the sum of one hundred and fourteen thousand and six hundred and thirty-two dollars and sixty cents (\$114,632.60) with interest upon the unpaid balances at the rate of three and one-half (3½) per centum per annu-, to be paid as hereinafter set out, Authority hereby bargains, sells, conveys and delivers unto Association the property located in Alcorn County, Mississippi, described as follows:

(1) All of the line tools now used or useful in the operation and maintenance of the electric distribution system in Corinth, Mississippi, a detailed list of which tools is hereto attached as a part hereof as Exhibit A;

(2) The line materials and supplies now used or useful in the operation and maintenance of said distribution system, a detailed list of which is hereto attached as a part hereof as Exhibit B;

(3) The stock of merchandise now on hand in connection with the operation of the light and power plant at said City of Corinth, a detailed list of which merchandise is hereto attached as a part hereof as Exhibit C;

(4) All office furniture and fixtures now used or useful in connection with the ownership and operation of said light and power plant, a detailed list of which is hereto attached as a part hereof as Exhibit D. But excepting from the above four lists such of the articles listed therein as may have been consumed in use or sold by the time of the delivery thereof hereunder.

If a question shall arise as to what property is intended to be conveyed above, the detailed lists shall control.

(5) One GMC 12000 lb. gross rating truck with which, or separately bought stake body, and one Chevrolet half-ton

## COMPLAINANTS' EXHIBIT No. 577

commercial light delivery closed cab pick-up truck, used in connection with operating said light and power plant at Corinth;

(6) All right, title and interest of Tennessee Valley Authority in and to a certain franchise granted by said City of Corinth, September 9th, 1927, styled "An Ordinance Granting an Electric Franchise to Mississippi Power Company, Its Successors and Assigns in the City of Corinth, Mississippi," which franchise has been assigned to Tennessee Valley Authority;

(7) All right title and interest of Tennessee Valley Authority in and to a certain lease contract between Mississippi Power Company and Dr. W. A. Johns and Mrs. M. B. Johns, dated March 24, 1933, of a building in Corinth, Mississippi, described in such contract, Association hereby agreeing to carry out the terms of such lease;

(8) All right of Tennessee Valley Authority under a street lighting contract between City of Corinth and Mississippi Power Company;

(9) All rights under and claim of Tennessee Valley Authority to a franchise granted by the Town of Rienzi, Mississippi, styled "An Ordinance Granting an Electric [fol. 3058] Franchise to Mississippi Power Company, Its Successors and Assigns in the Town of Rienzi, Mississippi," dated June 10, 1927.

(10) The electric light and power distribution system now serving the City of Corinth, Mississippi, and vicinity, including switch boards, poles, pole lines, wire, wire lines, distribution lines, service lines, lamps, motors, materials, and other personal property now used or useful in the operation of the distribution system, but not including the power plant lot located at White and Cox Streets nor the buildings and improvements thereon, nor any property in the said buildings, nor any property used or useful in the generation of electric energy at said power plant station, but there is hereby assigned all railroad crossing contracts owned by First Parties, or either of them, needed in the operation of the distribution system conveyed in this article.

(11) The rural distribution electric power line running from the power plant substation in Corinth to the com-

## COMPLAINANTS' EXHIBIT No. 577

munity of Biggersville extending generally along the public highway, a distance of approximately 8.3 miles, (eight and three tenths miles).

(12) The rural extension electric power line running from substation in Corinth, Mississippi, northwardly to Gaulding, along the public highway a distance of approximately two and one half miles, and all property used or useful in connection with the operation of said line in the distribution of electric energy;

(13) The rural electric line extending from Corinth to Bird's Gin along the Iuka-Corinth public highway, a distance of approximately four and a half miles.

(14) The rural extension electric power line from the substation at Rienzi in Prentiss County, Mississippi, to the Town of Rienzi, Alcorn County, Mississippi.

(15) The rural extension electric power line known as the Thrasher extension from where the same connects with the Rienzi substation line to the Village of Thrasher in Prentiss County, Mississippi, and including all poles, wires, cross arms, insulators, and all property used or useful in the operation of said five rural lines.

(16) The electric distribution system and power line in the Town of Rienzi, Alcorn County, Mississippi, and vicinity, including the wires, poles, wire lines, insulators, transformers, and distribution lines, and all property used or useful in the distribution of electric energy over said line;

3. Government, in consideration of the benefits to it in the performance by Association of this contract and the other interconnected agreements, hereby lets and leases unto Association, for a term of fifty years, subject to termination as hereinafter stated, such right and interest as Government may have in the rights of way and/or easements in any privately owned real property over, through or across which any of above described electric power lines may extend.

[fol. 3059] 4. For the payment of said sum of \$114,632.60 and interest thereon as above stipulated, and as security therefor, and to guarantee the faithful performance of the

## COMPLAINANTS' EXHIBIT No. 577

promises herein of and obligations on the part of Association, it is agreed:

(1) A lien is hereby retained and imposed in favor of Authority on all of the property which is hereby conveyed to Association for the purchase price of such property, plus interest, and as security for faithful performance of all obligations of Association as to deposits and accounts under Article 19 of Power Contract, said lien to be and remain and attach to each and every article of such property until the entire purchase price of all of the property is fully paid, except no lien is retained on the merchandise which is to be sold and which is listed in Exhibit C hereto;

(2) And there is expressly incorporated herein and made a part hereof the provisions of Section 7, Method of Payment for Property; section 8, Repayment of Indebtedness; section 9, Disposition of Association's Revenues, including subheads (a), (b), (c), (d), (e), (f) and (g), under said section 9; section 10, Alienation or Encumbrances of Property or Revenues; section 11, Maintenance and Insurance of Property and all other pertinent provisions of said "Power Contract Between Tennessee Valley Authority and Alcorn County Electric Power Association", dated 1st day of June, 1934. It is specifically agreed and understood that all revenues, membership fees and funds agreed to be paid by Association to Authority under this instrument and under said "Power Contract" are pledged and trust funds while in possession of Association and until paid to Authority as agreed in this instrument and said "Power Contract".

5. It is further agreed and contracted that all repairs, extensions, improvements and additions which may be made to the properties, as provided in section 11 of said "Power Contract", or otherwise, until said sum, with interest is fully paid, shall be and become a part of the property hereby conveyed, and become security for such unpaid balance thereof and a lien thereon shall immediately attach thereto for such purpose.

6. It is further expressly agreed and understood that on the failure of Association to faithfully keep and perform each and every agreement and obligation and promise made and/or imposed upon it by this instrument and said "Power

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Contract", or upon the occurrence of any condition giving Authority and/or Government the right to terminate this agreement or the "Power Contract", Authority has the right and power, with or without the aid of court, to immediately take possession of all of the existing properties hereby sold Association, with all additions to and extensions and repairs and improvements of such properties, and to terminate the lease of the leased property, and, if needful, to have a receiver appointed of any or all property, and said Authority itself or through a receiver has the right to operate the properties and continue the business, and all right of Association to operate and/or continue the business shall cease at the option of Authority. In the event Authority exercises the right to retake possession of the property and terminate the [fol. 3060] lease, and, the right of Association to operate the business ceases, then Authority agrees to repay Association the aggregate amount of money which Association has paid to Authority to that date, but not repaying the interest paid by Association to Authority, and without interest on the amount repaid by Authority, upon execution by Association to Authority of the deed provided for in section 7 hereafter.

7. Upon default by Association, or termination, for any reason, of the arrangement hereby made between the parties, Association hereby expressly agrees, contracts, promises and covenants to effectually assign, convey and deliver to Authority the franchises in Corinth and Rienzi and any other municipal franchises for the distribution of electric energy which, until such time, may have been acquired by Association and to reconvey to Authority all of the property hereby conveyed to Association with all extensions, repairs, additions, renewals, and replacements upon tender by Authority of the amount, without interest, which has been paid to Authority by Association, as aforesaid.

8. Neither this contract nor any interest therein shall be transferable or assignable by Association to any other party without first securing the written consent of Authority.

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested at Corinth, Mississippi,



## COMPLAINANTS' EXHIBIT No. 577

by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority, by Arthur E. Morgan,  
Chairman, Board of Directors.

Attest: C. A. Bock, Acting Secretary.

United States of America, by Tennessee Valley Au-  
thority, Its Legal Agent, by Arthur E. Morgan,  
Chairman, Board of Directors.

Attest: C. A. Bock, Acting Secretary.

Alcorn County Electric Power Association, by B. F.  
Liddon, President.

Attest: J. M. Peavey, Secretary."

(Verifications and exhibits omitted.)

## [fol. 3061] COMPLAINANTS' EXHIBIT No. 578

TVA corporate resolutions dated July 27, 1934, approv-  
ing proposed contract between Tennessee Public Service  
Company and TVA, a contract between Carolina Power &  
Light Company and TVA, and letter to C. E. Groesbeck:

"Resolved, That after consideration of the foregoing re-  
port and of the terms of a certain proposed contract between  
the Tennessee Public Service Company, a corporation of the  
State of Maine, and the Tennessee Valley Authority, a copy  
of which contract is made a part of these minutes as Ex-  
hibit 7-27-34a, the Board of Directors hereby approves said  
contract and authorizes and directs the execution of said  
contract by the Chairman of the Board, to be attested by  
the Secretary to the Board of Directors.

. . . . .

Resolved, That the Tennessee Valley Authority approves  
the terms and conditions of a certain contract between the  
Carolina Power and Light Company and the Tennessee Val-  
ley Authority, a copy of which contract is attached hereto  
and made a part of these minutes as Exhibit 7-27-34e, and  
further directs the Chairman of the Board to execute, and



## COMPLAINANTS' EXHIBIT No. 578

the Secretary to the Board of Directors to attest, the afore-said agreement.

Resolved, That the Board of Directors approves a statement of fact and policy as contained in a draft of letter directed to C. E. Groesbeck, Chairman of the Board, National Power and Light Company, New York, New York, and that the Board hereby authorizes and directs the Chairman of the Board to sign and deliver such a letter, copy of which is embodied herewith in these minutes as follows:

Knoxville, Tennessee, July 27, 1934.

Mr. C. E. Groesbeck, Chairman of the Board, National Power and Light Company, New York, New York.

MY DEAR MR. GROESBECK:

You have inquired as to the plans and policies of the Tennessee Valley Authority with respect to supplying power to communities now served by companies associated with National Power and Light Company operating in the Tennessee Valley region. The Board of Directors authorizes me to reply as follows:

1. You will understand that to the extent that it has power available, the Authority cannot restrict itself in the sale of that power, under the mandatory and directory provisions laid down by Congress. However, the fact is that after allocating all the power generated at Wilson Dam required to serve various areas served or in the process of being [fol. 3062] served by the Authority, together with a reasonable reservation of power for prospective large-scale industrial customers, the Authority does not have available at the present time any large blocks of firm power which could be sold to municipalities. The areas referred to above are northern Alabama, northeastern Mississippi and northeastern Tennessee, none of which areas (except the latter) are served by companies associated with National Power and Light Company. This situation will be changed upon the completion of Norris or Wheeler Dams.

2. Further, the Board has adopted a policy that, in the coming months, for the best interests of the project, it will seek to develop and consolidate the market area which has thus far been acquired, rather than concentrating, as in the past year, upon acquiring additional market area.

## COMPLAINANTS' EXHIBIT No. 578

In view of the foregoing facts and this policy, you will see that there is no likelihood that the Tennessee Valley Authority will transmit power to municipalities which lie outside of the aforementioned areas, before the completion of Norris or Wheeler Dams.

Yours very truly, Tennessee Valley Authority, by  
Arthur E. Morgan, Chairman of the Board.

(Contract above referred to as Exhibit 7-27-34a, between Tennessee Public Service Company and TVA, not included as part of exhibit.)

## Exhibit 7-27-34e

This Agreement, made and entered into this 26th day of July, 1934, by and between Carolina Power & Light Company, a North Carolina corporation, hereinafter referred to as "Carolina Company" and Tennessee Valley Authority, a corporation created by the Tennessee Valley Authority Act of 1933, hereinafter referred to as "Authority",

Witnesseth:

Whereas, Carolina Company entered into a contract with Tennessee Public Service Company, a Maine corporation, hereinafter referred to as "Public Service Company", on August 1, 1929, said contract requiring Public Service Company to purchase its entire power requirements except as therein specified, from Carolina Company; and

Whereas, said contract provided that either party thereto may assign its interest to a successor in ownership and operation of its respective property, and

Whereas, Public Service Company has by instrument of 26th day of July, 1934, agreed to convey and deliver at a future date, and subject to the terms and conditions of said instrument, a large part of its electric transmission and distribution property to Authority, whereby Authority will become the successor in ownership and operation of said property; and

Whereas, Public Service Company has agreed to assign to Authority its right, title and interest in, to and under said contract of August 1, 1929, as of the date of the conveyance [fol. 3063] and delivery by it to Authority of ownership and operation of the aforesaid property; (which date is herein-

## COMPLAINANTS' EXHIBIT No. 578

after referred to and defined as the "effective date" of this agreement); and

Whereas, certain of the provisions of said contract of August 1, 1929 will not be applicable to the conditions of operation which will obtain under the ownership and operation of said transmission and distribution property by Authority, and the parties hereto desire to enter into certain other covenants and agreements.

Now, Therefore, in consideration of the premises and of the covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

Section 1. The aforesaid contract of August 1, 1929, is hereby canceled and rescinded as of the effective date hereof. Authority on the effective date hereof will pay to Carolina Company an amount equal to \$247.62 for each day by which the effective date hereof is earlier than June 4, 1936. (For example, if the effective date hereof be October 4, 1934, this amount will be \$150,800.00.)

Section 2. Carolina Company as of the effective date hereof, hereby assigns to Authority all of its right, title and interest in, to and under a certain agreement dated June 16, 1930, by and between Carolina Company and Tennessee Electric Power Company, a Maryland corporation; except that Carolina Company shall have the sole right to any benefits under said agreement which have accrued to it prior to this assignment and that Authority shall not be liable for any claims or damages arising or accruing under said agreement prior to this assignment.

Section 3. Carolina Company will deliver to Authority during the period beginning with the effective date hereof and ending with June 4, 1936, such amounts of firm power as Authority may desire to take, not exceeding 40,000 kw. of demand. Authority will pay on the basis of quarterly billings for power and energy so taken in accordance with the terms of the schedule attached hereto and marked "Exhibit A"; provided that the minimum billing demand shall be 20,500 kw. and that Authority will pay a minimum charge of \$96,240.00 per quarter, which payment will entitle Authority to a demand of 20,500 kw. and to the use of 19,320,-

## COMPLAINANTS' EXHIBIT No. 578

000 kwh. per quarter. The use of energy by Authority shall not exceed 9,000,000 kwh. in any one calendar month, unless consent to greater use be given in advance by Carolina Company in each instance.

(For example, if the effective date hereof be October 4, 1934, the sum of the initial payment provided in Section 1 and the minimum bills provided in this Section 3 will be \$792,400.00 for the 20 months from October 4, 1934 to June 4, 1936.),

. . . . .

Section 16. It is mutually agreed by and between the parties hereto that this agreement is a contingent agreement conditioned upon the consummation of that certain contract of sale and purchase entered into by and between Authority and Public Service Company on the 26th day of [fol. 3064] July, 1934, and that the effective date as in this agreement used is defined as and shall be the date upon which the conveyance and delivery by the Public Service Company of its electric system and properties to Authority takes place and said contract of sale and purchase is consummated, provided, however, that if such consummation is not effected within one year from the date of execution of this agreement, then and in that event this agreement shall become null, void and of no effect.

In Witness Whereof, the parties hereto have caused to be subscribed hereunto their corporate names, signed by their respective officers thereunto duly authorized, and to be affixed hereto their corporate seals, attested by their respective secretaries, the day and year first herein named.

Carolina Power & Light Company, by — — —,  
President.

Attest: — — —, Secretary.

Tennessee Valley Authority, by — — —, Chairman.

Attest: — — —, Secretary.

## COMPLAINANTS' EXHIBIT No. 578

## Exhibit A

## Rate Schedule

Demand Charge:

\$0.90 per kw. per month.

Energy Charge:

First	300,000 kwh. per period	4	mills per kwh.
Next	600,000	3	"
Next	2,100,000	2.5	"
Excess over	3,000,000	2.0	"

Billing period shall be three months."

## COMPLAINANTS' EXHIBIT No. 579

TVA corporate minutes dated April 4th, 1934, retaining Young and Rubicam, Inc:

"Resolved, that the Authority hereby retains the firm of Young and Rubicam, Incorporated, as consultants on a sales promotion project designed to facilitate the marketing of power, increase the domestic consumption of power, and to reduce the cost of distributing electrical household appliances."

## [fol. 3065] COMPLAINANTS' EXHIBIT No. 580

TVA corporate resolution dated October 9, 1934, approving Plan for furnishing electric service to Knoxville, Tennessee:

"Whereas, on the first day of March, 1934 the City of Knoxville, Tennessee, entered into a contract with the Authority whereby the City engaged to acquire a municipal electric distribution system by purchase or construction and the Authority agreed to supply power to the City at wholesale therefor; and,

Whereas, the Tennessee Public Service Company, which now owns the electric distribution facilities within and adjoining said City, on July 26, 1934, entered into a contract with the Authority in which it agreed to sell said facilities to the Authority at a fair price; and,



## COMPLAINANTS' EXHIBIT No. 580

Whereas, the Authority and the City thereupon agreed upon a plan whereby the Authority, upon acquiring said distribution facilities from the Company, would resell such facilities to the City the terms and conditions of said agreed plan being set out in Resolution #767 of the Council of the City of Knoxville, approved August 14, 1934, a true copy of which, labeled Exhibit 10-9-34a, is attached to these minutes and made a part hereof.

Be It Therefore Resolved, That the plan set forth in said Resolution of the Council of the City of Knoxville, Tennessee, approved August 14, 1934, be and is hereby formally adopted.

Be It Further Resolved, That the said Resolution of the Council of the City of Knoxville, Tennessee, approved August 14, 1934, be and it is hereby accepted by the Tennessee Valley Authority.

## Exhibit 10-9-34a

## Resolution No. 767

## A Resolution Approving the Plan to Acquire a Municipal Electric Distribution System

Whereas, on the 25th day of November, 1933, the citizens of the City of Knoxville, Tennessee, hereinafter called the "City", at a public referendum voted in favor of acquiring a municipal distribution system by purchase or construction for the purpose of distributing electricity purchased at wholesale from the Tennessee Valley Authority, hereinafter called the "Authority"; and

Whereas, the existing electric distribution and local transportation systems in and adjoining the City are now owned by the Tennessee Public Service Company, hereinafter called the "Company"; and

Whereas, the City of Knoxville, in order to avoid the building of a competitive electric distribution system, at [fol. 3066] tempted without success, to purchase the existing distribution system from the Tennessee Public Service Company; and

Whereas, the City thereupon made application to the Federal Emergency Administration of Public Works for



## COMPLAINANTS' EXHIBIT No. 580

a loan and grant with which to construct a distribution system, and the Federal Emergency Administration of Public Works has agreed by contract of the 2nd day of April, 1934, to make such loan and grant upon the issuance of general obligation bonds of the City; and

Whereas, on the 1st day of March, 1934, the City entered into a contract with the Authority whereby the City engaged to acquire a municipal distribution system by purchase or construction, and the Authority agreed to supply power at wholesale therefor; and

Whereas, it is desirable to avoid the building of a competitive electric distribution system; and

Whereas, the Company has agreed to sell to the Authority and the Authority has agreed to purchase a major part of the electrical properties of the Company, including the existing electric distribution facilities in and adjoining the City, at a fair price, said agreement being conditioned on the City relieving the Company of certain obligations relating to the local transportation system in the City; and

Whereas, if said sale is consummated it will be desirable for the City to extend relief to the Company in the operation of its local transportation system; and

Whereas, since the execution of the aforesaid contract between the City and the Authority, representatives of the Authority and the City have formulated a plan whereby the City can acquire the existing distribution facilities in and adjoining the City in Knox County, Tennessee, with minimum delay, without pledging its credit, without loss to investors in such facilities, without prejudicing the operation of the local transportation system, and without building a competitive electric plant, the said plan being as follows, to-wit:

1. The City, conditioned on the sale and transfer of said electrical properties of the Company to the Authority, will cooperate with said Company in a joint program of ride-building and will, in lieu of and in the discharge of any obligation of said Company under its present franchises, relieve the Company of any obligation to maintain or repair any street or the pavement thereon, or the pavement upon any viaduct or bridge upon which the Company shall have tracks or operate street cars, trolley buses or other

## COMPLAINANTS' EXHIBIT No. 580

type of conveyance, provided that if the Company shall remove any track from a street, viaduct or bridge it shall pave the area vacated as the balance of the street, viaduct or bridge shall be paved; and provided further that if the Company voluntarily removes or destroys any pavement in the replacement, repair or maintenance of its track structure, the paving so removed or destroyed shall be replaced by the Company at its expense, and the City will likewise relieve the Company of any obligation to pay any [fol. 3067] part of the cost of constructing, reconstructing, maintaining or repairing any viaduct or bridge over which the Company operates gasoline buses, or other type of vehicle not requiring fixed tracks, but in any case where the Company operates over such bridge or viaduct street cars or other conveyance required fixed tracks, the Company shall bear the additional cost, if any, of construction and/or reconstruction of any such viaduct or bridge made necessary by such fixed tracks, but in lieu thereof the Company may substitute trackless vehicles.

If, however, any vehicle such as a trackless trolley is operated by the Company over a bridge or viaduct and such vehicle requires additional or special construction for its operation, the cost thereof shall be borne by the Company. If the Company elects, it shall be granted the right to substitute for street car service, on any street, viaduct or bridge, gasoline buses or other type of vehicle not requiring fixed tracks.

In event of consummation of such sale to the Authority, suitable ordinances and franchises with necessary details to carry these provisions into effect will be passed by the Council.

The City, subject to the conditions stated, will take appropriate action to sever the street railway and electric rights and obligations in any joint franchise.

2. The Tennessee Valley Authority will purchase the said electrical properties of the Tennessee Public Service Company, including the existing distribution system in and adjacent to the City, at a price which is fair to both consumers and investors.

3. The Authority will operate all of such properties directly for a limited period during which the distribution

## COMPLAINANTS' EXHIBIT No. 580

system in and adjacent to the City will be rehabilitated, improved, extended and rearranged, in such manner, including such properties, and covering such an area, as the Authority may deem advisable, in order to establish it as an economic and efficient operating unit. The City will grant the Authority whatever franchise rights, within its limits, may be necessary for such direct operation, in form satisfactory to the Authority. During such period of direct operation the Authority may find it desirable upon investigation to extend the farm electric lines in the rural areas adjoining the City, such rural lines, so far as feasible, to be made a part of the existing system. In case such extensions are found to be desirable, the same shall not be made until after conference between the City and Authority, but in no event shall the amount expended therefor exceed the sum of \$100,000. The Authority will further undertake, pending transfer of the properties of the City, an intensive program of residential, industrial and commercial load development. All the activities which are to be undertaken by the Authority, as described herein, will be accomplished at the Authority's expense, but the actual net cost thereof will be added to the original cost of acquiring the system.

When the Authority has achieved the objectives above described, estimated to take from one to two years, the period of direct operation by the Authority shall terminate. The Authority will then sell and transfer to the City, and the City will purchase, the distribution system and properties appurtenant to or used in connection therewith and lying and being in Knox County, Tennessee, as to rehabilitated, improved, extended and rearranged, at the actual net cost to the Authority of such system, plus the actual cost of such rehabilitation, improvement, extension and rearrangement, subject to reduction as set forth below.

The basic price to be paid by the City for the purchase of the system and properties, as set out herein, is estimated to be approximately \$4,250,000, but said amount is subject to additions and reductions, as outlined herein.

The City will be supplied with such accounting records as may be necessary to establish the investment of the Au-

## COMPLAINANTS' EXHIBIT No. 580

thority in said system. The transfer will be by appropriate instrument securing the interest of the Authority and the City in said system. In this way the City will acquire, and will assume responsibility for managing and operating a well equipped and efficient electric system which will be co-extensive with the City's business and trade area so far as engineering and economic considerations permit.

5. During the period of direct operation, the Authority will add to its resale rates a surcharge of ten percent on all classes of customers. The proceeds of such additional charge, as well as all revenues in excess of the Authority's cost of operation, and interest upon its investment of 4%, shall be applied toward the reduction of the purchase price to the City.

6. The City will pay the Authority, for the system as purchased, plus interest at the rate of 4% per annum, by turning over to the Authority all of its revenues from the operation of the system in excess of the costs of operation thereof. The City will purchase power from the Authority at its standard wholesale rates for transmitted power, and will resell such power at the Authority's basic resale rates, plus an additional ten percent surcharge, until the Tennessee Valley Authority is entirely reimbursed for its investment.

7. It is recognized that the foregoing plan sets up a situation which differs from the situation contemplated under the contract of March 1, 1934, between the City and the Authority, and that, therefore, subsequent to the transfer of the foregoing properties to the Authority from the Tennessee Public Service Company, some of the provisions of the contract of March 1, 1934, will be inapplicable and — lieu thereof, another and different contract will be entered into between the City and the Authority embodying the foregoing plan.

Now, Therefore, be it Resolved by the Council of the City of Knoxville, That said plan hereinabove set out be and it is hereby ratified and approved and that the Tennessee Valley Authority be and hereby is requested to purchase the existing electric distribution system, and to proceed forthwith in carrying out the plan, as above described.

## COMPLAINANTS' EXHIBIT No. 580

Be it Further Resolved, That this resolution shall take [fol. 3069] effect from and after its passage and acceptance by the Tennessee Valley Authority.

John T. O'Connor, Presiding Officer of the Council.  
W. H. Peters, Jr., Acting Recorder.

I, Helen M. Bunch, Acting Recorder of the City of Knoxville, Tennessee, do hereby certify that the foregoing is a true and correct copy of Resolution No. 767, which passed first and final reading August 14, 1934, as the same appears of record in Minute Book 15, pages 217, 218, 219 and 220, in my office.

Witness my hand and the official seal of said City, this 15th day of August, 1934.

Helen M. Bunch, Acting Recorder, City of Knoxville, Tennessee.

## COMPLAINANTS' EXHIBIT No. 581

TVA corporate resolution dated March 18, 1935, approving contract with Electric Home and Farm Authority, Inc.:

"Resolved, That the Board of Directors hereby approves and authorizes entry into the contract (Exhibit 3-18-35h) with the Electric Home and Farm Authority, Inc. in its corporate capacity, and as a trustee under a trust deed dated August 11, 1934.

. . . . .

## Exhibit 3-18-35h

Agreement, made and entered into as of the 1st day of July, 1934, between Electric Home and Farm Authority, Inc. a corporation organized and existing under the laws of the State of Delaware, in its individual corporate capacity, hereinafter called "Authority"; and Electric Home and Farm Authority, Inc., as Trustee under a trust deed executed in May, 1934, as amended, to secure an issue of notes to aggregate not in excess of Ten Million Dollars (\$10,000,000), hereinafter called "Trustee"; and Tennessee Valley Authority, a corporation organized and exist-



## COMPLAINANTS' EXHIBIT No. 581

ing under and by virtue of the Tennessee Valley Authority Act of 1933, hereinafter called "Utility":

Witnesseth:

Whereas, Authority proposes to cooperate with manufacturers, dealers, and electric utility companies who are operating under the plan to promote the widespread purchase and use of domestic electric appliances, and thereby to make possible an increased use of electricity in the home; and

Whereas, the plan provides for the billing of purchasers [fol. 3070] of said appliances along with the regular monthly service bills of Utilities cooperating in the plan and is therefore limited to customers of such cooperating Utilities,

Now, Therefore, in consideration of the mutual covenants herein contained, the parties hereto for themselves, their successors and assigns, covenant and agree as follows:

Article I. The special terms used herein shall have the following definitions:

"Electric Appliance" shall mean any piece of electric equipment which Authority may agree from time to time to finance. "Manufacturer" shall mean the manufacturer of an electric appliance. "Dealer" shall mean a retailer of electrical appliances who is approved by the Authority and is cooperating in the plan. "Purchaser" shall mean an ultimate user to whom a Dealer sells at retail an electric appliance. "Customer Paper" shall mean chattel mortgages, conditional sale contracts, leases, promissory notes, or other forms of obligation given by purchasers and accepted by Dealers in connection with the sale of electric appliances under a deferred-payment plan.

Article 2. Utility will, in accordance with the terms and conditions herein contained, and as agent for the Authority and/or Trustee, receive Customer Paper from Dealers, and collect installments due on Customer Paper.

Article 3. Utility will receive and transmit to Authority for approval or rejection by Authority, Customer Paper from Dealers only upon the following conditions:

(a) Utility will check the installation of the appliances purported to have been sold. A statement that this instal-



## COMPLAINANTS' EXHIBIT No. 501

lation has been checked and a statement of the Customer Account number upon the records of the Utility is to be forwarded at the time the Customer Paper is transmitted to the Authority.

(b) The purchaser to whom the Electric Appliance is sold must be using the electric service of the Utility; and the Electric Appliance must be sold for installation in a residence for domestic use;

(c) The Customer Paper must be on forms prescribed and furnished by Authority, completely and properly filled out, and properly assigned by Dealer on the assignment form on the Customer Paper;

(d) Customer Paper shall be received only from approved Dealers. Authority shall advise Utility in writing of all Dealers approved in Utility's territory. Any Dealer may be removed from the approved list at any time by the Authority, and Utility will be notified of any such removal;

(e) Utility shall not receive any Customer Paper if the cash delivered sale price of the Electric Appliance used as the base price in such sale, was in excess of the Manufacturer's suggested retail price approved by Authority:

[fol. 3071] (f) Utility shall not, without written consent of the Authority, receive any Customer Paper which is not presented by the Dealer within thirty (30) days after the sale of the Electric Appliance covered thereby;

(g) Utility shall not receive any Customer Paper unless the finance charges thereon are in accordance with Authority's then prevailing chart of finance charges, and unless the following requirements are observed:

The maximum period for which Customer Paper or terms may be extended shall be three (3) years where one Electric Appliance is sold, and four (4) years if two or more Electric Appliances are sold to the same Purchaser at the same time under the same contract. There shall be minimum equal monthly payments of at least Two Dollars (\$2.00) on each contract, and the down payment shall be not less than the monthly installment.

## COMPLAINANTS' EXHIBIT No. 581

(h) If Customer Paper is offered by Dealer which was received in payment for an approval range or water-heater which Utility refuses to install, or if by reason of any credit information Utility may have on the purchaser or for any other reason Utility deems that any Customer Paper offered by Dealer may be unsatisfactory to Authority and/or Trustee, Utility shall forward to Authority the Customer Paper offered, together with a statement of the reasons why Utility deems it unsatisfactory.

Article 4. Utility will collect from Purchasers who are using electric service of Utility monthly installments on Customer Paper and will pursue the following procedure with reference to collection of such installments:

(a) Utility will send to Purchaser, along with the monthly service bill of Utility, notice of each installment due. The installment will be considered delinquent if not paid within ten (10) days from its due date;

(b) If installment is not paid, Utility will send a delinquent notice to Purchaser within ten (10) days after the installment becomes delinquent;

(c) If installment is still unpaid at the time for mailing the next monthly service bill, Utility will send to Purchaser a second delinquent notice with that monthly service bill;

(d) Utility will assign a collector to contact Purchaser between thirty (30) and forty (40) days after delinquency;

(e) If the installment is unpaid forty (40) days after delinquency, Utility will, within five (5) days thereafter, notify Dealer of the delinquency and send Authority a copy of this notice;

(f) If the installment is unpaid fifty (50) days after delinquency, Utility will, within five (5) days thereafter, send demand notice to the Dealer to repurchase the Customer Paper according to his repurchase agreement;

[fol. 3072] (g) If sixty (60) days after Purchaser's delinquency, Dealer has not repurchased the Customer Paper and Purchaser has not paid all installments then due, Utility will, within five (5) days thereafter, notify Authority of such default on the part of Dealer.

## COMPLAINANTS' EXHIBIT No. 581

It is understood and agreed that Utility will not be required to comply with the above procedure for billing and collection, with respect to those purchasers who are employees of Utility so long as collections are being effected from such Purchasers by payroll deductions.

Article 5. At the request of any dealer, Utility shall furnish to such Dealer any credit information Utility may have on a proposed Purchaser.

Article 6. Utility shall semi-monthly (fifteenth and end of each month) forward to Authority and/or Trustee all collections on Customer Paper, together with all sums received from Dealers, accompanied by a statement on a form, mutually agreed upon by the parties, of collections and of sums received from Dealers. Any authorized agent of Utility is hereby authorized to indorse to Utility, for deposit only, any check payable to Authority or Trustee which is received by Utility in payment on Customer Paper.

Article 7. Utility shall submit to Authority monthly a statement showing the Outstanding balances, segregated according to Dealers, on all Customer Paper held by Utility for Authority and/or Trustee, on which Utility is still making, or attempting to make, collections.

Article 8. It is understood and agreed that title to all Customer Paper shall be vested in Authority and/or Trustee; Utility shall at all times keep all Customer Paper and accounts in connection therewith entirely separate and distinct from all other papers, accounts, and records of Utility. Title to all collections on Customer Paper shall, from the instant same comes into possession of Utility be vested in Authority and/or Trustee.

Article 9. Utility's books, accounts, correspondence, and other records pertaining to Customer Paper and collections, shall at all times be open for inspection by Authority, and by the Comptroller-General of the United States or their respective authorized agents. Utility shall furnish to Authority and to the Comptroller-General of the United States, upon request, any reasonable information requested by either and pertaining to Customer Paper, or to collec-

## COMPLAINANTS' EXHIBIT No. 581

tions, or to any other matter in connection with Customer Paper or collections thereof.

Article 10. Utility shall be obligated to furnish to Dealers all information available to it with reference to the operation of Authority's plan of financing Customer Paper, shall maintain a supply of Purchaser contract forms, rate charts, pamphlets (all of which will be furnished by Authority), and distribute the same to Dealers; and shall immediately forward to Authority all communications and inquiries from either Dealers or Purchasers, which Utility is unable to answer or which for any reason require the attention of Authority.

Article 11. Utility shall immediately notify Authority and Dealer concerned:

[fol. 3073] (a) If Utility's electric service is for any reason discontinued to any Purchaser who is thirty (30) days or more in default in payment of any installment due on Customer Paper;

(b) If, to Utility's knowledge, any Purchaser moves off of Utility's lines, or moves and leaves behind an Electric Appliance on which unpaid Customer Paper is held by Authority or Trustee;

(c) If, to Utility's knowledge, any Electric Appliance covered by Customer Paper which is thirty (30) days or more in default is removed from the place originally installed, or is injured, or if for any other reason Utility deems that Authority's or Trustee's rights in such Electric Appliance or the security thereof are jeopardized;

(d) If, to Utility's knowledge, any Purchaser is in default in any obligation under his contract, or becomes insolvent, or if a petition in bankruptcy or for a receiver is filed by or against the Purchaser, or if for any other reason Utility deems action against the Purchaser advisable or necessary to protect Authority's or Trustee's interests. This provision does not apply to a default of a Purchaser in payment of installments due, the procedure in such case being as provided in Article 4 hereof.

The notice to Authority shall contain a statement of Utility's opinion as to whether or not the Dealer involved

## COMPLAINANTS' EXHIBIT No. 581

will be able and willing to repurchase the Customer Paper involved if so required.

Article 12. If, to Utility's knowledge or belief, any Dealer is in default under, or is violating any obligation of, his contract with Authority and/or Trustee, or ceases to do business as a going concern, or becomes insolvent, or if a petition in bankruptcy or for a receiver is filed by or against any Dealer, or if for any other reason Utility deems action against any Dealer necessary or advisable to protect Authority's or Trustee's interests, Utility shall immediately notify Authority.

Article 13. Utility shall for a flat charge of Five Dollars (\$5.00), install inside wiring for approved ranges and water heaters for Customers on Utility's lines, unless Utility does not approve the credit of the Purchaser, or does not believe Purchaser's residence is sufficiently permanent to justify the expense of such installation, or unless the cost of installation is more than Twenty Dollars (\$20.00) and the Purchaser is unwilling to pay the amount in excess of said Twenty Dollars (\$20.00). Utility shall obtain consent of Authority before refusing installation for any other reason.

Article 14. If any Purchaser whose Customer Paper is being collected by Utility hereunder transfers his Electric Appliance or Appliances from one point on Utility's lines to another point on Utility's lines, Utility will continue to make collections from Purchaser. If electric service of any Purchaser whose Customer Paper is being collected by Utility is discontinued for any reason whatsoever, Utility will continue to make collections from Purchaser and any notice which under regular collection procedure would have been sent to Purchaser with Purchaser's monthly service bill shall be sent to Purchaser on approximately the same [fol. 3074] day of each month on which the last regular monthly service bill was sent to Purchaser.

Article 15. Authority will pay to Utility the sum of One Dollar (\$1.00) as booking charge for each item of Customer Paper purchased by Authority or Trustee and handled through Utility, each contract being considered as one item.



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In addition, Authority will pay to Utility, at the end of each month, as collection and billing charges, the sum of twelve and one-half cents ( $12\frac{1}{2}\text{¢}$ ) on each contract on which Utility has sent to the Purchaser during that month a first notice of installment due. Payment of the above sums will constitute payment in full for all services to be performed by Utility hereunder, including all space, mailing service, telephones, personal services, and supplies, except that Authority will furnish to Utility purchaser contract forms, rate charts, and any other standard forms regularly made up by the Authority.

Article 16. Utility may consent that any Dealer make a new contract with the Purchaser under any Customer Paper not in default, if the purpose is to extend the time of credit for payment of the balance due under the original Customer Paper; Provided, that the term of the new contract, plus the time then elapsed since the original contract was executed, shall not exceed the maximum period of time for which credit could have been extended under the original contract, and that the new contract in every other respect meets the requirements of Customer Paper as set out in Article 3 hereof.

The amount of the refinanced contract (which in the making of the refinanced contract shall be treated for all purposes as though it were the cash sale price of the appliance under an original contract) shall be the balance owing under the original contract less unearned finance charges, which latter sum shall be determined as provided in Article 17 hereof. Such refinanced contracts shall thereafter be considered as Customer Paper for all purposes of this contract, and Utility shall be entitled to the same sums for its services in connection therewith as in the case of original Customer Paper. Utility shall not, in any other manner, without written consent of Authority, waive, adjust, compromise, extend, or change any right which Authority or Trustee may have against any Purchaser or Dealer.

Article 17. If any Customer Paper is refinanced, as provided in Article 16 hereof, or is repurchased by Dealer, or is paid up in full in advance of maturity, the amount due



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on the Customer Paper at that time shall be the unpaid face amount less unearned finance charges, the latter to be determined as provided in Authority's then prevailing chart of finance charges.

Article 18. If, by reason of any default of Utility in the performance of any of its obligations under this contract, Authority or Trustee shall lose any of its rights with reference to any Customer Paper against any Purchaser or Dealer, Utility shall, upon demand and as liquidated damages for such default, immediately purchase from Authority or Trustee, at a price equal to the unpaid face amount thereof, any such Customer Paper.

Article 19. This contract shall inure to the benefit of and bind the successors and assigns of the parties hereto to the [fol. 3075] same extent as the original parties, and shall be in effect from the date hereof until cancelled by either party by thirty (30) days written notice to the other party. Such cancellation shall not affect any obligation of any party with respect to Customer Paper purchased prior thereto.

Article 20. It is agreed that if any change in the obligation of Utility with reference to receiving or collecting of Customer Paper is mutually agreed on by the parties hereto, such change may be authorized by a letter from Authority to Utility and such letter, when acknowledged by Utility, shall become a part of this contract, which shall otherwise remain unchanged and in full force and effect.

Article 21. The parties hereto agree that Trustee has no obligations hereunder, but that any obligation of Authority hereunder may, at the option of Authority and Trustee (or any successor of Trustee) be performed by Trustee (or any successor of Trustee) and that such performance will be accepted by Utility as a compliance with this contract to the same extent as though such performance had been by Authority itself. The parties hereto further agree that all of Utility's obligations hereunder, however expressed and to whomsoever stated to run, shall be deemed to run severally to Trustee (or any successor of Trustee) and to Authority, and any of said obligations

## COMPLAINANTS' EXHIBIT No. 581

may at any time and from time to time be enforced severally, in whole or in part, by suit or otherwise, by Authority or by Trustee (or any successor of Trustee); Provided, that satisfaction to one shall constitute satisfaction to both.

In Witness Whereof, the parties hereto have caused this contract to be executed and their respective seals to be affixed hereto as of the day and year first above written.

Tennessee Valley Authority, (Signed) Arthur E. Morgan. (Seal.)

Attest: (Signed) Charles E. Hoffman.

Electric Home and Farm Authority, Inc., (Signed) F. J. Carr, Treasurer. (Seal.)

Attest: (Signed) Harcourt A. Morgan.

Electric Home and Farm Authority, Inc., Trustee under a trust deed executed in May, 1934, as amended, to secure an issue of notes to aggregate not in excess of Ten Million Dollars (\$10,000,000). (Signed) F. J. Carr, Treasurer. (Seal.)

Attest: (Signed) Harcourt A. Morgan."

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[fol. 3076] COMPLAINANTS' EXHIBIT No. 582

TVA corporate resolution dated May 7, 1935, approving contract between TVA and City of Athens, Alabama:

"Resolved, That the Board of Directors hereby approves and authorizes entry into the agreement (Exhibit 5-7-35b) with the City of Athens, Alabama.

Exhibit 5-7-35b

This Agreement, made and entered into this 23rd day of April, 1935, between the Tennessee Valley Authority, hereinafter called "Authority," a corporation created by Act of Congress approved May 18, 1933, and the City of Athens, Alabama, a municipal corporation duly organized, created and existing under and by virtue of the laws of the State of Alabama, hereinafter called "City."

Whereas, it is desirable to enlarge and clarify Section 10 of the Rules and Regulations incorporated in the Power

## COMPLAINANTS' EXHIBIT No. 582

Contract executed on the 6th day of April, 1934, between Authority and City; and

Whereas, a valuation of the City's Electric Distribution System has been completed giving its value as of June 1, 1934, the effective date of the aforementioned agreements; and

Whereas, it is desirable to have a definite determination of the amount of the City's investment in its Electric Distribution System, and the manner in which such investment should be administered.

Now, Therefore, for and in consideration of the mutual covenants contained herein and as a supplement to the aforementioned agreement between the Authority and City, the parties hereto mutually agree as follows:

## Article I

The value of the Electric Distribution System of the City as of the 1st day of June, 1934, is \$72,607.51.

## Article II

The investment of the City in the Electric Distribution System as of June 1, 1934, is \$72,607.51. This amount is determined by deducting the total amount of outstanding bonds applicable to the Electric Distribution System from \$72,607.51, which is the present value of the System. Since there are no outstanding bonds applicable to the Electric Distribution System, the City's investment in the Electric Distribution System is accordingly \$72,607.51.

## Article III

The City agrees that it will administer this investment in the following manner:

[fol. 3077] A. Determination of the Maximum Return to be Derived by the City From Its Investment in the Electric Distribution System

The amount set out in Article II above representing the City's investment in the Electric Distribution System shall be adjusted at the end of each fiscal year. The City shall

**COMPLAINANTS' EXHIBIT No. 582**

receive a return on this investment not to exceed one-half ( $\frac{1}{2}$ ) of one (1) per cent per month, computed on the basis of the investment as of the last day of the month next preceding.

**B. Payment by the City for Electric Service**

The City shall pay the Electric Department monthly for all electric services supplied to it. The City shall be billed in the same manner and at the same rate as other customers in the same service classification.

**C. Payment by the Electric Department to the City in Lieu of Taxes**

The City shall be allowed from the revenues or funds of the Electric Department an amount in lieu of taxes, to be determined as follows:

(a) **Tax Equivalent to City Property Tax.**—The prevailing city property tax rate shall be applied to the value of the property used in electric operations.

(b) **Tax Equivalent to County and State Property Tax.**—If the electric operations of the City are not subject to county and state taxation, the tax equivalent paid to the city under (a) above shall be increased by application of the County and State tax rates to the value of the Electric Distribution System. If, however, the County and State governments levy taxes upon the municipal Electric Distribution System, this county and state tax equivalent will not be allowed to the City.

(c) **Sales Tax Equivalent.**—If there is in effect in the state in which the municipality is located a sales tax applicable to privately owned electric systems and such tax is not applicable to municipally owned electric systems, an amount equivalent to the application of such sales tax to the revenues of the municipal electric system may be paid to the City in addition to the tax equivalent payments set forth above. The payment of this tax shall cease at such time as the state may impose a tax upon municipal electric systems.

(d) In determining the amount to which the City is entitled in lieu of taxes under (a) and (b) above, the tax rate

## COMPLAINANTS' EXHIBIT No. 582

shall be applied to the value of the property determined in Article I above as \$72,607.51, plus additions, less retirements. The computations shall be made monthly and shall be based upon this value plus additions, less retirements, as shown by the books at the beginning of each taxable year. For the current taxable year computations shall be based upon the value of \$72,607.51.

**D. Payment by Electric Department for Service.**

The Electric Department shall pay the salary of those persons who devote their full time to the operation of the [fol. 3078] Electric Distribution System, and an equitable portion of the salary of those persons devoting part time to the operation of the Electric Distribution System.

**E. Treatment of Excessive Withdrawals and Reinvestments by the City**

If, at any time, the City should withdraw from the funds of the Electric Department amounts in excess of the allowable return on investment and of the tax equivalent, the City's investment shall be reduced in the amount of such excess withdrawals: Provided, however, that withdrawals of the City's investment shall be made only at such times and in such amounts as not to interfere with the efficient operation of the Electric Distribution System; Provided, further, that in no event shall the excess withdrawals in any fiscal year exceed ten (10%) per cent of the City's investment on the initial date of delivery as set out in Article II above without the written consent of Authority; and Provided, further, that in no event shall the excess withdrawals by the City exceed the amount of the City's investment in the Electric Distribution System. If, at any time, the City should fail to withdraw the full amount of return, due on account of its investment and/or on account of tax equivalent, that part or whole of the return and/or tax equivalent which is not withdrawn shall be added to the City's investment.

**F. Treatment of Short Term Loans and Advances**

The City may borrow funds or lend funds to the Electric Department only on a short term basis (one year or less

## COMPLAINANTS' EXHIBIT No. 582

without the right of renewal). The amount so borrowed or loaned shall bear a rate of interest not to exceed six (6%) per cent per annum. At the end of each fiscal year all borrowings and advances by the City and the Electric Department shall be paid or closed out by adjustment of the City's investment account; Provided, however, that any short term obligations then outstanding which are to be paid in the succeeding fiscal year may remain outstanding for the unexpired term, in the discretion of the Board of Aldermen, or other governing body of the City.

## G. Action by Governing Body of City

Except as limited in this statement, the Board of Aldermen or other governing body of the municipality shall determine the rate of return on the City's investment and/or the interest rate of loans and advances. No transfer of funds shall be made between the City and the Electric Department, nor shall any change in the City's investment in the Electric Distribution System be made except pursuant to a resolution of the Board of Aldermen or other governing body of the City.

## H. Publication of Statement of City's Investment

The Board of Aldermen or other governing body of the municipality shall publish a statement of the amount of the City's investment in its Electric Distribution System, the outstanding short term borrowings and advances, and all [fol. 3079] other accounts existing between the City and the Electric Department, at the close of each fiscal year. A copy of such statement shall be forwarded to Authority immediately at its office at Wilson Dam, Alabama. After the closing of the books at the end of each month, the Board of Aldermen or other governing body of the municipality shall make known upon demand to any taxpayer of the City or customer of the Electric Distribution System, the amount of the City's investment in its Electric Distribution System.

## Article IV

This agreement is hereby made a part of and incorporated into the Power Contract between Authority and City executed the 6th day of April, 1934.



## COMPLAINANTS' EXHIBIT No. 582

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority (Signed) by Arthur E. Morgan, Chairman.

Attest: (Signed) Charles E. Hoffman, Ass't Secretary.

City of Athens (Signed) by R. H. Richardson, Jr., Mayor. (Seal.)

Attest: (Signed) R. A. Smith, City Clerk.

## COMPLAINANTS' EXHIBIT No. 583

TVA corporate resolution dated July 25, 1935; approving Sale, Lease and Security Contract between Tennessee Valley Authority and Tishomingo County Electric Power Association.

(Omitted)

To avoid repetition, the contract attached to and referred to in the approving resolution is not set forth herein at length. It is substantially the same as the Sale, Lease, [fol. 3080] Trust and Security Contract comprising a part of Complainants' Exhibit No. 577 hereinbefore set forth as an exhibit, but said contract contains an additional paragraph, to-wit:

"9. Authority shall have, and hereby reserves, the option for a period of ten (10) years from the effective date of this contract to repurchase the personal property, terminate the Government's lease of any real property relating thereto, and retake possession of the 22 kv. transmission line described in Section (19) and (20) of Article 2 hereof, together with all rights-of-way and easements, connected therewith, all railroad crossing contracts covering said line and any other property or rights connected with or appertaining to said 22 kv. transmission line. In the event of the exercise of said option Authority shall pay to Association the purchase price of said line which shall be taken as twenty-three thousand, nine hundred and sixty-two dollars and fifty-eight cents (\$23,962.58), plus replace-

## COMPLAINANTS' EXHIBIT No. 583

ments, additions, and betterments at actual cost, less actual retirements and less accrued depreciation at the rate of four (4%) per cent per annum.

In the event Authority exercises the option herein granted service to Association or Association's customers shall in no wise be impaired, nor shall the exercise of said option by Authority result in any increased cost to or necessitate any increased investment by Association."

## COMPLAINANTS' EXHIBIT No. 584

TVA corporate resolution dated November 16, 1935, approving Sale, Lease and Security Contract between TVA and Tombigbee Electric Power Association.

(Omitted)

To avoid repetition, the contract attached to and referred to in the approving resolution is not set forth herein at length. It is substantially the same as the Sale, Lease, Trust, and Security Contract comprising a part of Complainants' Exhibit No. 577 hereinbefore set forth as an exhibit, but contains as paragraph 11 an option similar in nature to that hereinbefore set forth in the comment, supra, respecting Complainants' Exhibit No. 583.

## [fol. 3081] COMPLAINANTS' EXHIBIT No. 585

TVA corporate resolution dated November 16, 1935, approving contract between TVA and the City of Dayton, Tennessee, for cooperation in construction of rural lines:

"Resolved, That the Board of Directors hereby approves and authorizes entry into the contract (Exhibit 11-16-35c) with the City of Dayton, Tennessee.

Exhibit 11-16-35c

This Agreement, made and entered into this 2nd day of November, 1935, by and between Tennessee Valley Authority, hereinafter called "Authority", a corporation created

## COMPLAINANTS' EXHIBIT No. 585

by the Tennessee Valley Authority Act of 1933, and the City of Dayton, Tennessee, a municipal corporation duly organized, created, and existing under and by virtue of the laws of Tennessee, hereinafter called "Municipality".

Witnesseth:

Whereas, Municipality has executed a loan contract with the Rural Electrification Administration in the amount of \$38,058.00 by which Municipality is to receive funds to be used in the construction of rural electric lines in and adjacent to Rhea County, Tennessee, and

Whereas, Authority is preparing engineering plans and specifications which will enable Municipality to advertise for bids and award contracts for the construction of said rural lines and Municipality has agreed to reimburse Authority for the cost of these services, and

Whereas, Municipality is anxious to begin the construction immediately of certain of these rural lines which are now being surveyed, and

Whereas, Authority by Section 10 of the Tennessee Valley Authority Act of 1933 is authorized to construct transmission lines to farms and small villages that are not otherwise supplied with electricity at reasonable rates, and

Whereas, Municipality has requested that Authority cooperate in the immediate construction of certain proposed rural lines, and

Whereas, all parties to this contract have duly authorized its execution,

Now, Therefore, for and in consideration of the mutual covenants herein contained and subject to all the provisions of the Tennessee Valley Authority Act of 1933, the parties hereto mutually covenant and agree as follows:

[fol. 3082] 1. Authority will cooperate with Municipality in the construction of rural transmission lines which have been or are to be surveyed by Authority under the terms of the request for these and other services by the Board of Commissioners of Municipality, and contained in an order to the Authority dated October 2, 1935, and signed by the Chairman of said Board and the City Recorder, which order was accepted on behalf of Authority by A. H. Sullivan, Assistant Chief Electrical Engineer, in a letter

## COMPLAINANTS' EXHIBIT No. 585

to Municipality dated October 31, 1935, in the following manner:

A. Authority will supply to Municipality such poles, conductors, crossarms, transformers, meters, insulators, pole line hardware, and other material necessary or useful in the construction of rural transmission lines in such quantities as Municipality may request and as may be necessary in the construction of the rural lines hereinabove referred to.

B. Authority will furnish to Municipality, at Municipality's request, trucks, tools, and other equipment necessary or useful in the construction of the rural lines referred to hereinabove.

C. Authority will furnish Municipality, at Municipality's request, line crews, laborers, and supervisors, both field and office, in such numbers as Authority may deem advisable for use in the construction of the rural lines referred to hereinabove.

2. Municipality will pay to Authority the Authority's actual cost, plus overhead charges, of the materials, supplies, labor, supervision, and services performed pursuant to this agreement, and for Authority's actual cost for the use of equipment supplied hereunder. Municipality agrees to pay any sums due hereunder to Authority within thirty (30) days after the receipt of invoice therefor from Authority.

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested by their duly authorized officers the day and year first above written.

Tennessee Valley Authority, by — —, Coordinator.

Attest: — —, Assistant Secretary.

City of Dayton Tennessee, by — —, Chairman of Board of Commissioners.

Attest: — —, Recorder.

**[fol. 3083] COMPLAINANTS' EXHIBIT No. 586**

TVA corporate resolution dated November 16, 1935, approving contract between TVA and Alcorn County Electric Power Association for interchange of power:

(Omitted)

**COMPLAINANTS' EXHIBIT No. 587**

TVA corporate resolution dated December 20, 1935, approving Sale, Lease and Security Contract between TVA and the City of New Albany, Mississippi:

(Omitted)

To avoid repetition, the contract attached to and referred to in the approving resolution is not set forth herein at length. It is substantially the same as the Sale, Lease, Trust, and Security Contract comprising a part of Complainants' Exhibit No. 577 hereinbefore set forth as an exhibit, and includes the option for repurchase provision set forth in Complainants' Exhibit No. 583.

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**COMPLAINANTS' EXHIBIT No. 588**

TVA corporate resolution dated December 23, 1935, approving contract between TVA and Lincoln County Electric Membership Corporation for collection of bills and other services:

(Omitted)

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**[fol. 3084] COMPLAINANTS' EXHIBIT No. 589**

TVA corporate resolution dated December 31, 1935, approving supplementary contract between TVA and Alcorn County Electric Power Association for the construction of rural lines by the Association:

"Resolved, That the Board of Directors hereby approves and authorizes entry into the contract (Exhibit 12-31-35d) with the Alcorn County (Mississippi) Electric Power Association.

**Exhibit 12-31-35d**

This Agreement, made and entered into this 31st day of December, 1935, pursuant to the Tennessee Valley Au-

## COMPLAINANTS' EXHIBIT No. 589

thority Act of 1933, between the Tennessee Valley Authority, a corporation created by and acting under said Act, hereinafter called "Authority", and the Alcorn County Electric Power Association, a non-profit civic improvement corporation, organized, created and existing under and by virtue of the laws of the State of Mississippi, hereinafter called "Association:"

Witnesseth:

Whereas, Authority is delivering electricity to Association pursuant to a power contract between the parties, dated June 1, 1934, and

Whereas, Authority conveyed certain property to Association on June 1, 1934 under the terms of an agreement entitled "Sale, Lease, Trust and Security Contract Between Tennessee Valley Authority, United States of America and Alcorn County Electric Power Association," and as partial security therefor Association agreed to pay over to Authority all of its surplus revenues and all membership fees received, including installments paid by additions to Association's bills for service to members, and

Whereas, Association desires to construct certain rural lines from the surplus revenues pledged Authority as partial security for Association's debt to Authority.

Now, Therefore, for and in consideration of the premises and the mutual covenants contained herein and subject to all the provisions of the Tennessee Valley Authority Act of 1933, the parties hereto mutually covenant and agree as follows:

1. This agreement shall be effective for fifteen (15) months from April 1, 1936, subject to the provisions hereof. Association shall be under no obligation to pay to Authority the surplus revenues (excluding membership fees and charges) from its operations during this period.

2. During the period hereof, Association will construct [fol. 3085] and put into service not less than thirty (30) additional miles of rural lines. All projects must be submitted in advance to Authority, together with general plans and specifications of such projects, and no project shall be constructed until such project, with the general plans and specifications therefor, has been approved by Authority.



## COMPLAINANTS' EXHIBIT No. 589

3. Authority may terminate this agreement upon five (5) days written notice, if Association has not substantially completed eight (8) miles of rural lines within six (6) months from the effective date hereof and ten (10) additional miles within ten (10) months from the effective date hereof.

4. In order to afford additional security to Authority in lieu of the payment of surplus revenues, which payment is extended under the terms of this agreement, Association hereby covenants and agrees that Authority shall have a prior lien on all the rural lines constructed or acquired by Association hereunder, said lien to be and remain and attach to each and every article of property constructed or acquired until the entire indebtedness of Association to Authority under the agreement of January 1, 1934, hereinabove referred to is fully paid.

5. The agreement of June 1, 1934 hereinabove referred to is hereby amended to the extent necessary to conform to the provisions hereof.

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested in duplicate by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority, by Arthur E. Morgan,  
Chairman, Board of Directors. C. G. D., Leg. Div.

Attest: Charles E. Hoffman, Assistant Secretary.

Alcorn County Electric Power Association, by —  
—, President.

Attest: H. W. Weeks, Secretary."

(Verifications omitted.)

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COMPLAINANTS' EXHIBIT No. 590

TVA corporate resolution dated January 10, 1936, approving construction of Hiwassee Dam:

"Resolved, That the Board of Directors hereby approves and authorizes the construction of a reservoir storage dam

## COMPLAINANTS' EXHIBIT No. 590

in the Hiwassee River on the Fowler Bend Site as recommended by the Assistant Chief Engineer, including provision for the future installation of such equipment as is necessary to generate hydro-electric energy."

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## [fol. 3086] COMPLAINANTS' EXHIBIT No. 591

TVA corporate resolution dated December 31, 1935, approving the construction of Chickamauga dam:

"Resolved, That the Board of Directors hereby approves and authorizes the construction of a high dam in the Tennessee River on the site at the foot of Chickamauga Island located approximately seven miles above Chattanooga, Tennessee, in accordance with the general plan contained in the report labeled exhibit 12-31-35e, including the provision for the future installation of such equipment as is necessary to generate hydro-electric energy."

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## COMPLAINANTS' EXHIBIT No. 592

TVA corporate resolution dated January 18, 1936, approving sale and loan contract between TVA and The Monroe County Electric Power Association:

"Resolved, That the Board of Directors hereby approves and authorizes entry into the contract (Exhibit 1-18-36b) with the Monroe County (Mississippi) Electric Power Association.

## Exhibit 1-18-36b

This Agreement, made and entered into as of the fifteenth day of January, 1936, between the Tennessee Valley Authority (hereinafter called Authority), the United States of America (hereinafter called Government) acting through its legal agent, Authority, and The Monroe County Electric Power Association (hereinafter called Association), a non-profit civic improvement corporation, organized, created and existing under and by virtue of the laws of the State of Mississippi.

## COMPLAINANTS' EXHIBIT No. 592

Witnesseth:

Whereas, Authority and/or Government are the owners of certain electric properties in Monroe County, Mississippi, and

Whereas, Association desires to purchase said properties for the sum of Seventeen Thousand Two Hundred Thirty-seven Dollars and Eighty-nine Cents (\$17,237.89), for the purpose of completing, improving and operating them for the transmission and sale of electric power to its members under an agreement made between Association and Authority entitled "Power Contract Between Tennessee Valley Authority and Monroe County Electric Association" dated July 19, 1935, and

[fol. 3087] Whereas, Authority is authorized by Section 4 (f) of the Tennessee Valley Authority Act of 1933, as amended, to dispose of personal property, and by Section 4 (k) of said Act, as amended, subject to the approval of the President, to dispose of such real property as may no longer be necessary in carrying out the purposes of said Act, and Authority's Board of Directors has found that the following described properties are no longer necessary in carrying out the purposes of said Act, and

Whereas, Association has contracted with the Smithville Light and Power Company to purchase from said Company certain distribution systems and an inter-connecting transmission line, located in Monroe and Lowndes Counties, Mississippi, for the sum of Eleven Thousand Five Hundred Dollars (\$11,500) and Association desires to borrow that amount from Authority for the purpose of paying for said properties and operating the same for the transmission and sale of electric power to its members, according to the "Power Contract" hereinabove referred to, and

Whereas, Authority is authorized by Section 12 (a) of the Tennessee Valley Authority Act of 1933, as amended, to assist non-profit organizations in acquiring existing distribution facilities, incidental works and inter-connecting transmission lines, by extending credit to such organizations, and

Whereas, as evidence of Association's obligation to pay Authority the sum of Seventeen Thousand Two Hundred Thirty-seven Dollars and Eighty-nine Cents (\$17,237.89) for the properties which Authority herein agrees to sell to

## COMPLAINANTS' EXHIBIT No. 592

Association, and to repay to Authority the sum of Eleven Thousand Five Hundred Dollars (\$11,500) which Authority herein agrees to loan to Association, Association has executed on even date herewith a certain "First Mortgage three and one-half per cent note" (hereinafter called the "Note") for the sum of Twenty-eight Thousand Seven Hundred Thirty-seven Dollars and Eighty-nine Cents (\$28,737.89) and a certain First Mortgage (hereinafter called the "Mortgage") to secure the payment of said Note, said Note and Mortgage being incorporated into this contract as fully as if they were physically made a part hereof.

Now, Therefore, for and in consideration of the mutual covenants herein contained, the parties hereto for themselves, their successors and assigns forever covenant and agree as follows:

1. Sale of Property—In consideration of the sum of Seventeen Thousand Two Hundred Thirty-seven Dollars and Eighty-nine Cents (\$17,237.89), which sum Association agrees to pay to Authority as hereinafter provided, Government, acting through Authority, its legal agent, and Authority hereby covenant and agree to convey to Association by quitclaim deed executed on even date herewith, all their right, title and interest in and to the following described property, located in Monroe County, Mississippi, to have and to hold the same to itself, its successors and assigns, forever, to wit:

[fol. 3088] (1) The three phase, 4-wire, 11.9 kv. rural distribution line, known as the Amory-Gravel Pit Line, extending from the Amory-Substation at Amory, Mississippi, in a westerly direction for a distance of approximately one mile to the Amory-Gravel Pit, including poles, cross arms, pole line hardware, conductors, insulators, one service metering equipment, and three 25 kva. 6900/115-230 volt, single-phase transformers.

(2) The poles, cross arms and guying material composing the following uncompleted lines:

The Becker-Hamilton Line, approximately 12.7 miles.

The Smithville-Suggs Pottery Line, approximately 3.6 miles.

## COMPLAINANTS' EXHIBIT No. 592

The Smithville-Pierce Chapel Line, approximately 3.5 miles.

The Amory-Hatley-Smithville Line, approximately 9.0 miles.

The Parham Store-Greenwood Springs Line, approximately 1.8 miles.

Included in this transfer are 532 poles, 269 6-pin cross arms, and 14 anchor logs, all erected in place.

(3) All the rights-of-way and/or easements now owned by Authority in any privately-owned real property over, through, or across which any of the above lines, complete or incomplete, extend.

(4) All franchises held by Authority for the use of public roads, and all contracts owned by Authority granting privileges for railroad crossings, which are necessary for the completion and operation of the above lines.

2. Title to the above described property shall vest in the Association upon the execution of said quitclaim deed, but Authority shall retain possession and control of said property until Association shall have employed a Superintendent or made the arrangements necessary, in the opinion of Authority, for taking over the possession, control, and operation of the properties, which Association agrees shall be not later than March 1, 1936. Until the possession, control and operation of said properties is transferred to Association, Authority shall be entitled to all the revenues accruing therefrom. Upon the transfer of such possession, control, and operation of said properties, customer bills shall be prorated on a calendar basis.

The sale of the above property is and the conveyance thereof shall be made, subject to the approval by the President [fol. 3089] of the United States of the disposal by Authority of such of the property as may be real property. Authority agrees to take the reasonable and proper steps to secure such approval by the President.

3. Loan.—Authority hereby agrees to loan, and Association agrees to borrow, the sum of Eleven Thousand Five Hundred Dollars (\$11,500) to be used by Association in payment to the Smithville Light and Power Company for the electric distribution system located in the village of Cale-

## COMPLAINANTS' EXHIBIT No. 592

donia, Lowndes County, Mississippi, the electric distribution system located in the town of Smithville, Monroe County, Mississippi, the inter-connecting transmission line extending from the city of Amory, Mississippi, to the city of Smithville, Mississippi, together with the properties connected with or incidental to the above described properties, all of which properties Association has agreed to purchase from the Smithville Light and Power Company for the sum of Eleven Thousand Five Hundred Dollars (\$11,500), under a contract executed October 25, 1935, and amended November 2, 1935.

Association agrees to take over the possession, operation and control of the above described properties of the Smithville Light and Power Company at the same time that it takes over the possession, operation and control of the properties herein sold to Association by Authority. Upon notice in writing being given to Authority by Association that Association has employed a Superintendent, or made other arrangements necessary, in the opinion of the Authority, for taking over said properties, and upon the presentation to Authority of the certificate of Association's counsel that Association will receive a good and valid title to the above described property of the Smithville Light and Power Company, subject only to a lien for ad valorem taxes for the year 1936, upon the satisfaction of those claims specified in said certificate of counsel which claims shall not exceed Eleven Thousand Five Hundred Dollars (\$11,500), Authority will issue a check to the Monroe County Electric Power Association in the sum of Eleven Thousand Five Hundred Dollars (\$11,500). If Association is unable to secure such good and valid title to the properties of the Smithville Light and Power Company for the sum so specified Authority shall not be obligated to loan to Association the said Eleven Thousand Five Hundred Dollars (\$11,500), and Authority shall credit Association with the payment of said Eleven Thousand Five Hundred Dollars (\$11,500) on Association's Note. However, Authority's obligation to transfer, and Association's obligation to receive and pay for Authority's properties described in paragraph 2 of this contract, shall not be thereby affected.

4. Payment of Indebtedness.—The total amount of Association's indebtedness to Authority under this contract is



## COMPLAINANTS' EXHIBIT No. 592

Twenty-eight Thousand Seven Hundred Thirty-seven Dollars and Eighty-nine Cents (\$28,737.89). As hereinabove stated, said indebtedness is evidenced by Association's Note and secured by Association's Mortgage executed on even date herewith, and incorporated as a part of this contract. Said Mortgage shall be deemed to cover and include all the properties described in this contract, as and when they become properties of Association. Association agrees to pay said indebtedness to Authority according to the terms, covenants and agreements contained in said Note and Mortgage [fol. 3090] gage, and according to the terms, covenants and agreements contained in this contract and a certain contract entitled "Power Contract Between Tennessee Valley Authority and Monroe County Electric Power Association," dated July 19, 1935, and also incorporated into this Contract.

Upon the date set for the first payment of interest on indebtedness of Association to Authority, Authority agrees to credit Association with payment of interest between the effective date of this contract and the date on which Authority transferred the possession, control and operation of the above properties to Association and issued the above check to the Smithville Light and Power Company.

5. Neither this contract nor any interest therein shall be transferable or assignable by Association to any other party without first securing the written consent of Authority.

In Witness Whereof, the parties have caused this instrument to be signed and attested by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority, by Harcourt A. Morgan,  
Vice Chairman, Board of Directors. C. G. I., Leg.  
Div. (Seal.)

Attest: Charles E. Hoffman, Assistant Secretary.

United States of America, by Tennessee Valley Authority, Its Legal Agent, by Harcourt A. Morgan,  
Vice-Chairman, Board of Directors. C. G. I., Leg.  
Div. (Seal.)

Attest: Charles E. Hoffman, Assistant Secretary.

The Monroe County Electric Power Association, by  
R. G. Christian, President. (Seal.)

Attest: A. H. Ritter, Secretary.

(Verifications omitted.)

## COMPLAINANTS' EXHIBIT No. 593

TVA corporate resolution dated February 1, 1936, approving contract between TVA and the City of Dayton, Tennessee, to sell rural lines:

[fol. 3091] "Resolved, That the Board of Directors hereby approves and authorizes entry into the revised contract (Exhibit 2-1-36a) with the City of Dayton, Tennessee.

## Exhibit 2-1-36a

This Agreement, made and entered into this 24th day of January, 1936, between Tennessee Valley Authority, hereinafter called "Authority", a corporation created by Act of Congress May 18, 1933, and the City of Dayton, Tennessee, hereinafter called "Municipality," a municipal corporation organized and existing by virtue of the laws of the State of Tennessee.

Witnesseth:

Whereas, Municipality has executed a Loan Contract with the Rural Electrification Administration in the amount of Thirty-eight Thousand and Fifty-eight Dollars (\$38,058.00), by which Municipality is to receive funds to be used in the construction of rural electric lines in and adjacent to Rhea County, Tennessee; and

Whereas, pursuant to Section 10 of the Tennessee Valley Authority Act of 1933, the Authority agreed to construct rural lines for Municipality in and adjoining Rhea County, Tennessee; and

Whereas, under the terms of a Construction Contract between Authority and Municipality, dated January 24, 1936, Municipality has agreed to pay Authority for the lines so constructed a sum not exceeding Thirty-eight Thousand and Fifty-eight Dollars, (\$38,058.00); and

Whereas, both parties feel it desirable to set out the terms by which the payment for said rural lines shall be made;

Now, Therefore, for and in consideration of the mutual covenants herein contained, the parties hereto covenant and agree as follows:

1. In the event Municipality receives the money from the Rural Electrification Administration under the terms of the Loan Contract between Municipality and Rural Electrification Administration, dated the 4th day of November, 1935, before February 1, 1937, Municipality will pay Authority for

## COMPLAINANTS' EXHIBIT No. 593

the rural lines constructed in and adjacent to Rhea County, Tennessee, under the terms of the Construction Contract between Tennessee Valley Authority and City of Dayton, Tennessee, entered into the 24th day of January, 1936.

2. If Municipality has not received the loan from the Rural Electrification Administration referred to above by February 1, 1937, the parties hereto agree that title to the lines constructed under the terms of the Construction Contract referred to in Section 1 hereof, shall be and remain in Authority as complete satisfaction of Municipality's indebtedness to Authority under the terms of said Construction Contract. Municipality hereby disclaims any ownership of the rural lines due to any ownership of the rights-of-way and/or easements over which the lines extend. In the event title to said rural lines is so retained by Authority, Authority agrees to sell and Municipality agrees to buy the rural lines constructed by Authority under the terms of said Construction Contract on the following terms and conditions:

(a) Municipality will pay monthly to Authority all amortization charges which shall be collected from rural customers of Municipality served from the lines constructed under the terms of the Construction Contract referred to above, and which Municipality agrees to collect from said customers, at the rate of one cent (1¢) per kwh. for each kwh. of electricity used per customer per month up to and including 100 kwh., but not less than twenty-five cents (25¢) per month shall be paid for each customer each month, until Municipality's indebtedness to Authority is fully paid.

(b) Municipality will pay to Authority all remaining revenues before the reduction or elimination of surcharges, or the reduction in rates to consumers required by Section 10 (b) of the Rules and Regulations attached to and incorporated into the Power Contract between Tennessee Valley Authority and the City of Dayton, Tennessee, dated the 12th day of September, 1934.

(c) Municipality will pay interest to Authority on any outstanding indebtedness at the rate of three and one-half per cent (3½%) per annum, payable semi-annually, out of

## COMPLAINANTS' EXHIBIT No. 593

the revenues of its electric system and under the terms of Section 10 (a) of the Rules and Regulations attached to and incorporated into the Power Contract between Tennessee Valley Authority and the City of Dayton, Tennessee, dated the 12th day of September, 1934.

(d) Authority will deliver title to the rural lines so constructed by the execution of a quit claim deed to Municipality. As security for the payment of Municipality's indebtedness to Authority, Municipality will execute a mortgage to Authority covering all the rural lines so conveyed.

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested by their duly authorized officers the day and year first above written.

City of Dayton, Tennessee, (Signed) by G. W. Taylor, Chairman, Board of Commissioners.

Attest: (Signed) C. D. Sanborn.

Tennessee Valley Authority, by Arthur E. Morgan, Chairman, Board of Directors. C. G. D., Leg. Div.

Attest: Charles E. Hoffman, Assistant Secretary.

JLF:CGD:LDN:ml."

## [fol. 3093] COMPLAINANTS' EXHIBIT No. 594

TVA corporate resolution dated February 10, 1936, approving Power Interchange Agreement between TVA and City of Amory, Mississippi:

(Omitted)

## COMPLAINANTS' EXHIBIT No. 595

TVA corporate resolution dated February 11, 1936, approving Sale and Loan Contract between TVA and Pontotoc County Electric Power Association:

"Resolved, That the Board of Directors hereby approves and authorizes entry into the contract (Exhibit 2-11-36h) with the Pontotoc County (Mississippi) Electric Power Association.

## COMPLAINANTS' EXHIBIT No. 595

## Exhibit 2-11-36h

This Agreement, entered into this 12th day of February, 1936, by and between the Tennessee Valley Authority (hereinafter called "Authority"), United States of America (hereinafter called "Government"), acting through its legal agent, Authority (Authority and Government being jointly referred to hereinafter by the phrase "First Parties"), and the Pontotoc County Electric Power Association, a non-profit civic improvement corporation, duly organized, created, and existing under and by virtue of the laws of the State of Mississippi (hereinafter called "Association").

Witnesseth:

Whereas, on February 15, 1935, First Parties and Association entered into a contract entitled "Sale, Lease, Trust and Security Contract Between Tennessee Valley Authority, United States of America, and Pontotoc County Electric Power Association" (said contract being hereinafter referred to as "Sale, Lease Contract") under which First Parties sold certain personal property and leased certain real property to Association, Association agreeing to pay to Authority therefor the sum of Sixty-seven Thousand, Six Hundred Forty-five and 36/100 Dollars (\$67,645.36), with interest on the unpaid balance at the rate of three and one-half per centum ( $3\frac{1}{2}\%$ ) per annum, payable semi-annually, and

Whereas, said indebtedness of Association to Authority has been increased to One Hundred Twenty-eight Thousand, Forty-seven and 85/100 Dollars (\$128,047.85) by reason of the construction of certain rural lines by Authority as agent [fol. 3094] for Association and the sale of other lines by Authority to Association, the latter being fully described hereinafter, and certain rehabilitation services performed by Authority for Association, and

Whereas, said indebtedness of Association to Authority has been reduced to One Hundred Sixteen Thousand Eight Hundred Thirty-one and 57/100 Dollars (\$116,831.57) by adjustments made in regard to work orders, and to the accounts receivable and meter deposits transferred to Association by Authority, in compliance with Sections 3, 4 and 5 of the Sale, Lease Contract, and by payments made on its indebtedness by Association to Authority, and



## COMPLAINANTS' EXHIBIT No. 595

Whereas, First Parties and Association desire to cancel, annul, and rescind said Sale, Lease Contract and to enter into a new contract providing for the sale of the above mentioned real and personal property by First Parties to Association, and the payment by Association to Authority therefor of the sum of One Hundred Sixteen Thousand, Eight Hundred Thirty-one and 57/100 Dollars (\$116,831.57), and

Whereas, Association has an option to acquire the urban distribution system in Bruce, Calhoun County, Mississippi, from the E. L. Bruce Company of Memphis, Tennessee, its present owners, for the sum of Four Thousand Dollars (\$4,000.00), and has requested Authority to extend credit to Association for the acquisition of said system, and further to extend credit up to the sum of Twenty-five Thousand Dollars (\$25,000.00) to finance the construction by Association of a rural electric line connecting Association's present lines at Randolph, Pontotoc County, Mississippi, with said distribution system in Bruce, Mississippi, and

Whereas, all the said properties are to be used by Association in the transmission and distribution of electric energy under a plan agreed upon between Authority and Association in a contract entitled "Power Contract Between Tennessee Valley Authority and Pontotoc County Electric Power Association" executed on even date herewith (said contract being hereinafter called "Power Contract").

Now, Therefore, in consideration of the Mutual benefits to all parties hereto, and of the covenants and agreements herein contained, and those also contained in said Power Contract, and subject to the provisions of the Tennessee Valley Authority Act of 1933, the parties hereto covenant and agree as follows:

1. Rescission of Sale, Lease Contract.—First Parties and Association covenant and agree that the Sale, Lease Contract, hereinabove referred to, is hereby cancelled, rescinded, and rendered null and void, However, neither the rescission of said Sale, Lease Contract nor the execution of this contract shall prejudice any right or cause of action which may have heretofore accrued to either of the parties to the Sale, Lease Contract by reason of the breach thereof by either of the other parties to said Sale, Lease Contract.



## COMPLAINANTS' EXHIBIT No. 595

2. Sale of Property.—(a) First Parties hereby sell to Association all their right, title, and interest in and to the following described real and personal property, and agree to execute a quitclaim deed to said property to Association on even date herewith:

[fol, 3095] (1) All of the line tools owned by Authority and now used in the operation and maintenance of the electric distribution system in Pontotoc County, Mississippi, a detailed list of which tools is hereto attached and made a part hereof as Exhibit A;

(2) The line materials and supplies owned by Authority and now used in the operation and maintenance of said distribution system, a detailed list of which is hereto attached and made a part hereof as Exhibit B;

(3) All office furniture and fixtures owned by Authority and now used in connection with the ownership and operation of the properties conveyed herein; a detailed list of which is hereto attached and made a part hereof as Exhibit C.

If a question shall arise as to what property is intended to be conveyed above, the detailed lists shall control.

(4) All right, title and interest of Authority in and to a certain franchise granted by the Town of Pontotoc, June 26, 1925, styled "An Ordinance Granting an Electric Franchise to Mississippi Power Company, its Successors and Assigns in the Town of Pontotoc, Mississippi," which franchise has been assigned to Authority:

(5) All rights under and claim of Authority to a franchise granted by the Town of Ecorse, Mississippi, December 2, 1930, styled "An Ordinance Granting an Electric Franchise to Mississippi Power Company, its Successors and Assigns in the Town of Ecorse, Mississippi," which franchise has been assigned to Authority;

(6) The electric light and power distribution system now serving the City of Pontotoc, Mississippi, and vicinity, including poles, crossarms, pole lines, pole line hardware, conductors, insulators, transformers, service lines, lamps, meters, materials, and other personal property now used or useful in the operation of the distribution system, and

## COMPLAINANTS' EXHIBIT No. 595

there is hereby assigned all railroad crossing and joint use of poles contracts, if any, owned by First Parties, or either of them, needed in the operation of the distribution system conveyed in this article.

(7) The 11950 Y-volt single phase distribution system now serving the Town of Ecu, Mississippi, and vicinity, including poles, crossarms, pole lines, pole hardware, conductors, insulators, service lines, lamps, meters, transformers, materials and other personal property now owned or useful in the operation of the distribution system, and there is hereby assigned all railroad crossing and joint use of poles contracts, if any, owned by First Parties, or either of them, needed in the operation of the distribution system conveyed in this article.

[fol. 3096] (8) The rural distribution extension running out of the City of Pontotoc, Mississippi, known as the Hardin extension, including poles, crossarms, pole lines, pole line hardware, conductors, insulators, service lines, transformers and meters, extending for a distance of approximately 2.5 miles.

(9) The three phase 11,950 Y-volt transmission or distribution line extending from the Lee-Pontotoc County line along highway No. 6 to the distribution sub-station described below, located in the City of Pontotoc, a distance of approximately 11 miles. Said line consists of 221 creosoted pine poles complete with crossarms and pole line hardware, carrying four No. 2 aluminum conductors and including transformers, meters, and services for serving the rural customers along the line.

(10) The three phase 11,950 Y-volt transmission or distribution line extending from the sub-station described below in or near the City of Pontotoc to a point in or near the Town of Ecu, a distance of approximately 8.5 miles, including all poles, crossarms, pole lines, pole line hardware, conductors, insulators, transformers, meters, and service lines for serving the rural customers along the line.

(11) The Sub-station and equipment known as Pontotoc Central Sub-station located in or near the City of Pontotoc, and consisting of 2 pole 35' wood structure with metal plat-

## COMPLAINANTS' EXHIBIT No. 595

form, 13 kv. drop-out fuses, 2.3 kv. reclosing oil circuit breaker in metal switch cabinet, totalizing metering equipment, metal fence, and 3-300 kva. 13,000/2,300 volt transformers.

(12) That parcel of land in Pontotoc County upon which the sub-station above described is located and more particularly described as follows:

Beginning at the northeast corner of lot number 31 in the southeast quarter of Section 32, Township 9; Range 3 east, thence south 87 degrees west 50 feet, thence south 3 degrees east 50 feet, thence north 87 degrees east 50 feet, thence north 3 degrees west 50 feet to the point of beginning.

(13) A single phase two-wire 11,950 Y-volt grounded neutral rural distribution line extending from the town of Ecu in a northerly direction to the community of Ingomar, including two branch lines, a total distance of  $7\frac{1}{2}$  miles with poles, crossarms, conductors, meters, pole lines, pole line hardware, insulators, transformers, and service lines.

(14) A three phase four-wire 11,950 Y-volt rural distribution line starting at a point one-half mile from Pontotoc on the Pontotoc-Ecu line and running in a westerly direction for a distance of six miles to a junction point, where one branch of the line proceeds in a northwesterly [fol. 3097] direction for a distance of eight miles to the community of Toccopola, and the other branch proceeds in a southwesterly direction from the junction point for a distance of  $4\frac{1}{2}$  miles to the community of Randolph, and includes one mile of single phase two-wire 11,950 Y-volt grounded neutral rural line running through the community of Randolph with poles, crossarms, conductors, meters, pole lines, pole line hardware, insulators, transformers, and service lines.

(15) A single phase two-wire 11,950 Y-volt grounded neutral rural distribution line starting from a point on the Pontotoc-Lee County line approximately five miles east of the town of Pontotoc and extending south on what is known as the Valley Road for a distance of approximately four miles from the point; one branch extends east for a distance of one mile and a second branch extends west from the same

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point a distance of two miles, including poles, crossarms, conductors, meters, pole lines, pole line hardware, insulators, transformers, and service lines.

(16) A partially constructed rural line consisting of poles only starting at the southeast end of the Ecu distribution system and extending in a southeasterly direction along the Cherry Creek road a distance of ten miles.

(17) All such rights and interest as Government may have in the rights-of-way and/or easements in any privately owned real property over, through or across which any of the above described electric power lines may extend.

(b) Association hereby agrees to pay to Authority for the above described property the sum of One Hundred Sixteen Thousand, Eight Hundred Thirty-one and 57/100 Dollars (\$116,831.57) with interest on the unpaid balance at the rate of three and one-half per centum ( $3\frac{1}{2}\%$ ) per annum, payable semi-annually.

(c) The sale and conveyance of the above described property shall be conditional upon the approval of the President of the United States of the disposition by Authority of so much of the above described property as may be real property.

3. Loan to Association.—(a) Authority agrees to advance Four Thousand Dollars (\$4,000.00) to Association to be used by Association in purchasing the Bruce distribution system from the E. L. Bruce Company. Upon the presentation by Association to Authority of (1) proof that Association has an option to purchase said Bruce system for not to exceed Four Thousand Dollars (\$4,000.00), conveyance to be made by warranty deed and free of all liens and encumbrances, except liens for ad valorem taxes of 1936, which shall be prorated, and the present owner to operate the system for not less than two months after the exercise of said option, (2) proof that Association has all necessary or advisable franchises, permits, licenses, and other governmental approvals, and all rights-of-way and easements necessary or advisable for the construction and operation of the said distribution system and interconnecting line, (3) a certified copy of a resolution of the Executive

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Committee of Association requesting that the advance be made, (4) an opinion of counsel (who shall be satisfactory to Authority) that the E. L. Bruce Company is the owner of said system and is capable of giving Association valid title thereto, and that all the acts and proceedings of Association necessary for borrowing said money from Authority and purchasing said system from the E. L. Bruce Company have been duly taken and are within the power of Association, and (5) a receipt acknowledging the payment of said Four Thousand Dollars (\$4,000.00) by Authority to Association, Authority will issue a check payable to Association in the sum of Four Thousand Dollars, (\$4,000.00).

(b) Authority agrees to loan to Association that amount required by Association to construct a rural electric line, approximately twenty (20) miles long, connecting Association's lines at Randolph, Pontotoc County, Mississippi, with such Bruce system, said amount not to exceed the sum of Twenty-five Thousand Dollars (\$25,000.00). Upon the presentation by Association to Authority of (1) proof that Association has all necessary or advisable franchises, permits, licenses, and other governmental approvals, and all rights-of-way and easements necessary or advisable for the construction and operation of said line, (2) a certified copy of a resolution of the Executive Committee of Association requesting such advance, (3) an opinion of counsel that Association has power to and has taken the necessary steps to borrow such money and construct such line, and (4) a receipt acknowledging the advance of such money, Authority will issue a check payable to Association in the sum of Five Thousand Dollars (\$5,000.00). Authority will make further advances to Association up to said Twenty-five Thousand Dollars (\$25,000.00), as needed from time to time in the construction of said interconnecting line, upon presentation of similar requests and receipts for such advances, accompanied by a certificate stating in detail the use to which prior advances have been put and the use to which the sum applied for is to be put.

Association agrees that it will construct the interconnecting line according to and in compliance with Authority's schedule entitled "Specifications for Rural Electric Distribution Lines," attached hereto and hereby incorporated



## COMPLAINANTS' EXHIBIT No. 595

and made a part hereof. Association further agrees that Authority shall have the right to demand that the specifications for such line be presented to Authority, and to inspect such line at any time during the construction thereof, in order that Authority may ascertain whether Association is complying with this section, and Association agrees to reimburse Authority for the actual cost to Authority of making such inspections and reviewing Association's specifications, such sum, however, not to exceed five per centum (5%) of the total cost of constructing the line. If Authority finds that Association's specifications or its construction is not in compliance with the schedule of specifications, and [fol. 3099] Association refuses to alter the same to conform therewith, Authority shall not be obligated to advance any further sums to Association under this section.

(c) Association hereby expressly agrees that it will not use any funds advanced by Authority to Association under paragraphs (a) and (b) hereof except for the purposes therein stated, and Association further agrees that all advances so made shall become a part of the principal obligation of Association to Authority under this Sale and Loan Contract.

4. Construction of Rural Lines.—Authority agrees to construct, at its own expense, on rights-of-way and/or easements to be secured by Association, such additional rural electric distribution or transmission lines in or adjacent to Pontotoc County, State of Mississippi, as the parties may from time to time agree. Said lines will be constructed by Authority for and on behalf of Association as Association's agent for such construction. Association agrees to pay to Authority, in addition to all other outstanding indebtedness to Authority, the actual cost to Authority as billed by Authority of any lines so constructed pursuant to this agreement, and said additional indebtedness shall be added to the principal obligation of Association under this contract and shall become a part thereof.

5. Payment of Indebtedness.—Association hereby agrees that its principal obligation to Authority under this con-



## COMPLAINANTS' EXHIBIT No. 595

tract as of the effective date thereof, is One Hundred Forty-five thousand, Eight Hundred Thirty-one Dollars and Fifty-seven Cents (\$145,831.57) (subject to proper deductions if all of the above described Twenty-five Thousand Dollars (\$25,000.00) loan is not required by Association or advanced by Authority). Upon the construction of any lines by Authority for Association, pursuant to Sections 3 and 4 of this contract, or upon the loan of any moneys by Authority to Association, or upon the incurrance of any other indebtedness by Association to Authority, said indebtedness shall become a part of the principal obligation of Association to Authority under this contract, and the payment thereof to Authority shall be secured by the mortgage which Association agrees to execute to First Parties under paragraph 6 of this contract. Association agrees to pay said principal obligation to Authority, with interest on the unpaid balance at the rate of three and one-half per centum ( $3\frac{1}{2}\%$ ) per annum, payable semi-annually, and at the times and in the manner provided for in said Power Contract between Association and Authority. Interest shall not begin to run, however, on any money loaned by Authority to Association hereunder until such money has actually been advanced and turned over to Association.

6. Security for Payment of Principal Obligation and Performance of Agreements.—Association agrees to execute to First Parties on even date herewith a first mortgage covering all the properties and revenues of Association, including those after acquired, as security for the payment to Authority of the principal obligation of Association to Authority under this contract, and the performance by Association of all its covenants and agreements under this contract and under said Power Contract. Association agrees to perform all its covenants and agreements in, and to observe all the terms and conditions of, said mortgage.

[fol. 3100] 7. Contract Not Transferable.—Neither this contract nor any interest therein shall be transferable or assignable by Association to any other party without first securing the written consent of Authority.

## COMPLAINANTS' EXHIBIT No. 595

In Witness Whereof, the parties hereto have caused this contract to be signed and attested by their duly authorized officers the day and year first above written.

Tennessee Valley Authority, by Arthur E. Morgan,  
Chairman, Board of Directors. (Seal.)

Attest: Charles E. Hoffman, Assistant Secretary.

United States of America, by Tennessee Valley Authority, Its Legal Agent, by Arthur E. Morgan,  
Chairman, Board of Directors. (Seal.)

Attest: Charles E. Hoffman, Assistant Secretary.

Pontotoc County Electric Power Association, by M.  
L. Higgs, President. W. S. M., Leg. Div.

Attest: Jas. I. Wilson."

(Verification and exhibits omitted.)

## COMPLAINANTS' EXHIBIT No. 596

TVA corporate resolution dated February 11, 1936, approving contract between TVA and Monroe County Electric Power Association for operation of rural transmission line and collection of bills:

(Omitted)

## [fol. 3101] COMPLAINANTS' EXHIBIT No. 597

TVA corporate resolution dated April 27, 1936, approving Sale and Assignment Contract between TVA and Alcorn County Electric Power Association and Pickwick Electric Membership Corporation:

"Resolved, That the Board of Directors hereby approves and authorizes entry into the contract (Exhibit 4-27-36d) with the Alcorn County Electric Power Association and the Pickwick Electric Membership Corporation.

## COMPLAINANTS' EXHIBIT No. 597

## Exhibit 4-27-36d

This Sale and Assignment Contract, entered into as of the 21st day of April, 1936, between the Alcorn County Electric Power Association (hereinafter called "Association"), a corporation duly organized and existing under the laws of the State of Mississippi, the Pickwick Electric Membership Corporation (hereinafter called "Corporation"), a corporation duly organized and existing under the laws of the State of Tennessee, and the Tennessee Valley Authority (hereinafter called "Authority"), a corporation created by the Tennessee Valley Authority Act of 1933,

Witnesseth:

Whereas, under an agreement entitled, "Power Contract Between Tennessee Valley Authority and Alcorn County Electric Power Association," executed June 1, 1934, Authority agreed to construct rural transmission lines for Association and Association agreed to pay to Authority for such lines the actual cost to Authority, as billed by Authority, of constructing the same, plus interest upon unpaid balances at the rate of three and one-half per cent ( $3\frac{1}{2}\%$ ) per annum, and Association further agreed that Authority should have and retain a first lien upon any such lines until the obligation of Association therefor was fully paid, and

Whereas, Authority has constructed for and turned over to Association the rural transmission lines described in Article 1, paragraphs (a) and (c) of this contract, and Association has recognized its obligation to Authority therefor, under said Power Contract; and

Whereas, Association has made the service extensions and meter installations on said lines described in Article i, paragraphs (b) and (d) of this contract; and

Whereas, Corporation desires to purchase all the above-described lines from Association, and to borrow the necessary money from Authority to enable Corporation to purchase such lines; and

Whereas, Authority is authorized by Section 12 (a) of its Act to extend credit to non-profit organizations to assist them in acquiring existing distribution facilities and incidental works; and

Whereas, all parties to this contract have duly authorized its execution,

## COMPLAINANTS' EXHIBIT No. 597

Now, Therefore, for and in consideration of the mutual covenants herein contained, and subject to the provisions of the Tennessee Valley Authority Act of 1933, the parties hereto mutually covenant and agree as follows:

1. Agreement to Sell Rural Lines.—Association agrees to sell, transfer, assign and convey to Corporation, by valid quitclaim deed executed on even date herewith, all its right, title and interest in and to the following described real and personal property:

(Description of rural transmission lines and other property omitted.)

2. Payment for Rural Lines.—Corporation agrees to pay to Association for all of the above described lines the sum of Forty-eight Thousand and One Dollars and Eighteen Cents (\$48,001.18). Authority hereby loans to Corporation the sum of Forty-eight Thousand and One Dollars and Eighteen Cents (\$48,001.18), with interest on unpaid balances at the rate of three and one-half per cent ( $3\frac{1}{2}\%$ ) per annum, payable semi-annually, to enable Corporation to purchase said lines. The payment by Corporation to Association and the loan by Authority to Corporation shall be effected by the following adjustment of accounts on the books of Authority:

(a) Authority shall credit Association with the payment, as of the effective date of this contract, of Forty-eight Thousand and One Dollars and Eighteen Cents (\$48,001.18), less the amount of the credit for membership fees transferred under Article 3 of this contract, and less the amount of the credit for surplus revenues transferred under Article 4 of this contract.

(b) Authority shall debit Corporation as of the effective date of this contract in the sum of Forty-eight Thousand and One Dollars and Eighteen Cents (\$48,001.18), less the amount of the credit for membership fees transferred under Article 3 of this contract, and less the amount of the credit for surplus revenues transferred under Article 4 of this contract.

3. Transfer of Credit for Membership Fees.—Association agrees to complete the collection of all membership

## COMPLAINANTS' EXHIBIT No. 597

fees (consisting of the One Cent (1¢) amortization charge, or otherwise) which may be due to Association up to the effective date of this contract by members of Association [fol. 3103] who receive service over the lines to be transferred. Association will complete the payment to Authority of all such membership fees, as required by the Power Contract between Association and Authority. Association recognizes that the credit for such membership fees is properly attributable to the members of Association paying the same. Association agrees that the total credit for such payments shall be transferred to and credited to Corporation on Authority's books, unless deductions from such total credit become necessary under Article 5 (b) hereof. Association and Authority shall advise Corporation of the total amount of such fees paid by each such member in order to make possible full compliance with Article 5 hereof.

4. Transfer of Credit for Surplus Revenues.—Association recognizes that the members of Association receiving service on the lines to be transferred have an equity in such of the total surplus revenues of Association (as defined in Article 9 (c) of the Power Contract between Association and Authority) as were earned since the inauguration of service over the transferred lines. Association and Corporation request Authority to determine within sixty (60) days after the effective date of this contract the total surplus revenues earned by Association from the first day of the month after the date on which such transferred lines were energized up to March 31, 1936, and to make a fair allocation of such total surplus revenues between the members of Association receiving service on such transferred lines and the remaining members of Association. In making such calculation Authority shall allocate to the members on the transferred lines that proportion of the total surplus revenues which the total revenues received from members on the transferred lines bears to the total revenues received from all the members of Association during the above period. Association and Corporation agree to accept the allocation determined by Authority, and further agree that the total amount allocated to members on the transferred lines shall be credited to Corporation and



## COMPLAINANTS' EXHIBIT No. 597

debited to Association on Authority's books, unless deductions from such total credit become necessary under the provisions of Article 5 (b) hereof. Corporation and Association further request Authority to determine the amount of such credit which is properly allocable to each of the members of Association receiving service on such transferred lines, in order to make possible a full compliance with the provisions of Article 5 hereof. Corporation agrees that Authority shall debit Corporation for the expense involved to Authority in making the calculations provided for in this paragraph.

5. Transfer of Memberships from Association to Corporation:

(a) Corporation agrees to accept as members all of the present members of Association receiving service from Association over the above-described lines on the effective date of this contract, who shall surrender their memberships in and turn in their membership certificate to Association and shall apply for membership in Corporation and agree to abide by its Charter and By-laws. Corporation will issue to said members the regular certificates of membership as soon as such certificates have been made available. The total membership fee and amortization charges required by Corporation of a transferred member shall be Two Hundred Ten Dollars (\$210.00), and Corporation will [fol. 3104] credit such transferred members with the payment on said Two Hundred Ten Dollars (\$210.00) of all amounts which such transferred members have paid on their membership fees to Association, and all surplus revenues allocated to such members under Articles 3 and 4 of this contract.

(b) If any member of Association who is receiving service over the above-described lines on the effective date of this contract shall be unwilling to become a member of Corporation under the terms provided in this contract Authority shall return to Association all the membership payments which have been made by such member to Association and turned over to Authority by Association, together with the part of the total surplus revenues of Association allocated



## COMPLAINANTS' EXHIBIT No. 597

to such member to the extent that such surplus revenues have been paid over to Authority by Association. Association shall then return to each such member his membership payments and allocated part of the surplus revenues if his membership in Association is terminated. All such payments made directly to members of Association shall be deducted from the total credit for membership fees and the total credit for surplus revenues to be transferred under Articles 3 and 4 of this contract.

6. Taxes.—Corporation will assume all taxes on the properties herein transferred for the year 1936, in consideration of Association's agreement to make no charges to Corporation or the transferred members for range and water-heater payments made by Association to members on the transferred lines, or for expenses incurred by Association in qualifying to do business in Tennessee.

7. Security for Payment of Corporation's Obligation to Authority.—Corporation hereby agrees that Authority shall hold and retain a first lien on all of the property which is sold herein by Association to Corporation as security for the payment to Authority of the obligation incurred by Corporation to Authority under this contract, and such lien shall remain and attach to each and every article of such property until the entire obligation of Corporation to Authority under this or any other contract is paid. Corporation agrees that it will perform all its covenants and agreements contained in the "Preliminary Operation Contract Between Pickwick Electric Membership Corporation and Tennessee Valley Authority," executed on even date herewith. Corporation further agrees that it will grant to Authority, at such time as Authority may request, a valid first mortgage on all of the properties herein purchased by Corporation and all other properties which Corporation may hereafter own, as further security for the payment of Corporation's obligations to Authority.

In Witness Whereof, the parties have caused this instrument to be signed and attested in triplicate, by the duly authorized officers, the day and year first above written."

(Signatures omitted.)

[fol. 3105] COMPLAINANTS' EXHIBIT No. 598

TVA corporate resolution dated April 27, 1936, approving and authorizing the execution of the quit-claim deed to Alcorn County Electric Power Association:

(Omitted)

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COMPLAINANTS' EXHIBIT No. 599

TVA corporate resolution dated April 27, 1936, approving Operation Contract between TVA and Pickwick Electric Membership Corporation:

"Resolved, That the Board of Directors hereby approves and authorizes entry into the contract (Exhibit 4-27-36f) with the Pickwick Electric Membership Corporation."

The Contract attached to and referred to in the approving resolution is the same as Complainants' Exhibit No. 179 and to avoid repetition is not here set forth at length.

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COMPLAINANTS' EXHIBIT No. 600

TVA corporate resolution dated April 27, 1936, approving Interchange Agreement between TVA and Alcorn County Electric Power Association.

(Omitted)

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COMPLAINANTS' EXHIBIT No. 601

TVA corporate resolution dated May 28, 1936, approving Operation Contract between TVA and Bedford County Electric Membership Corporation:

"Resolved, That the Board of Directors hereby approves and authorizes entry into the contract (Exhibit 5-28-36e) with the Bedford County (Tennessee) Electric Membership Corporation."

The contract attached to and referred to in the approving resolution is the same as Complainants' Exhibit No. 180 and to avoid repetition is not here set forth at length.

## COMPLAINANTS' EXHIBIT No. 622

the amortization charge referred to in this section, Municipality shall charge the same rates for the same classes of service to all customers of Municipality, except that Municipality may add the ten per cent (10%) surcharge provided for in its power contract with Tennessee Valley Authority to all commercial and industrial customers on the lines purchased by and constructed for Municipality under the terms of this contract.

2. Article 10 of the "Agreement for Sale of Properties Between Tennessee Valley Authority and City of Athens, Alabama" executed on October 9, 1936 is hereby amended to read as follows:

10. Execution of Bond and Mortgage—Payment of Principal Obligation.—Authority shall notify Municipality upon the completion of the construction of the work orders described in Exhibit B attached hereto, and upon the determination of the cost thereof. Authority shall also notify Municipality of the final determination of the amounts due under Articles 4 and 5 and under any other provisions of this contract. The total of all amounts due by Municipality to Authority under the terms of this contract shall be considered and hereinafter called the "Principal Obligation." [fol. 3117] Authority shall execute a quit-claim deed conveying to Municipality all the right, title, and interest of Authority and/or the United States Government in and to the properties described in this agreement. The conveyance of so much of said property as may be real property shall be made subject to the approval of the President of the United States. Authority hereby agrees promptly to submit said quit-claim deed to the President and recommend the same for approval.

Simultaneously with the execution of the quit-claim deed Municipality shall issue to Authority its bond or bonds in the amount of Municipality's principal obligation to Authority under this contract. Said bond or bonds shall be payable exclusively from the revenues of the electric transmission or distribution lines sold by Authority to or constructed by Authority for Municipality under this agreement, and shall be issued pursuant to and in accordance with the terms and provisions of the Alabama "Municipal Bond Act of 1935." Such bonds shall be issued in denominations

## COMPLAINANTS' EXHIBIT No. 622

of One Thousand Dollars (\$1,000.00) each, shall bear interest at the rate of three and one-half per cent ( $3\frac{1}{2}\%$ ) per annum, payable semi-annually, and shall provide for their payment in full and retirement within twenty (20) years after their date of issuance. In determining the amount of said bonds to be issued to Authority, Municipality's indebtedness to Authority for sale and construction of rural lines shall be considered to have accrued on the date or dates upon which such lines or any part thereof were transferred from Authority to Municipality for maintenance and operation, and all interest shall be calculated from such date or dates of delivery.

At the time of execution of the above described quit-claim deed Municipality shall also execute a mortgage to Authority and the United States Government, or a deed of trust to a trustee satisfactory to Authority, covering all the rural lines and facilities sold by Authority to Municipality hereunder, or constructed by Authority for Municipality hereunder, securing the payment and retirement of the bonds issued to Authority in accordance with the provisions of this article.

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested by their duly authorized officers the day and year first above written.

(Signatures omitted.)

## COMPLAINANTS' EXHIBIT No. 623

TVA corporate resolution dated July 29, 1937, approving Emergency Operation Contract between TVA and Pickwick Electric Membership Corporation:

(Omitted)

## [fol. 3118] -COMPLAINANTS' EXHIBIT No. 624

TVA corporate resolution dated July 29, 1937, approving agreement for sale and construction of rural lines between TVA and Joe Wheeler Electric Membership Corporation:

"Resolved, That the Board of Directors hereby approves and authorizes entry into the contract (Exhibit 7-29-37c) with the Joe Wheeler Electric Membership Corporation."

**[fol. 3106] COMPLAINANTS' EXHIBIT No. 602**

TVA corporate resolution dated July 31, 1936, approving agreement amending contract for engineering services between TVA and Meigs County Electric Membership Corporation.

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 603**

TVA corporate resolution dated August 11, 1936, approving contract between TVA and Cullman County Electric Membership Corporation:

"Resolved, That the Board of Directors hereby approves and authorizes entry into the contract (Exhibit 8-11-36a) with the Cullman County Electric Membership Corporation."

The contract attached to and referred to in the approving resolution is the same as Complainants' Exhibit No. 163 and to avoid repetition is not here set forth at length.

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**COMPLAINANTS' EXHIBIT No. 604**

TVA corporate resolution dated August 21, 1936, approving Sale and Loan Agreement between TVA and Gibson County Electric Membership Corporation:

This contract attached to and referred to in the approving resolution is the same as Complainants' Exhibit No. 181 and to avoid repetition is not here set forth at length.

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**COMPLAINANTS' EXHIBIT No. 605**

TVA corporate resolution dated September 5, 1936, approving agreement for sale between TVA and Pickwick Electric Membership Corporation:

(Omitted)

[fol. 3107] COMPLAINANTS' EXHIBIT No. 606

TVA corporate resolution dated September 5, 1936, approving Supplemental Contract for rehabilitation and improvement of municipal distribution system between TVA and City of Milan, Tennessee:

(Omitted)

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COMPLAINANTS' EXHIBIT No. 607

TVA corporate resolution dated September 5, 1936, approving agreement for sale to City of Athens, Alabama, of properties, consisting of certain rural electric lines acquired and constructed by TVA in Limestone County, Alabama:

(Omitted)

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COMPLAINANTS' EXHIBIT No. 608

TVA corporate resolution dated December 23, 1936, approving agreement for sale and interchange between TVA and Southwest Tennessee Electric Membership Corporation:

(Omitted)

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COMPLAINANTS' EXHIBIT No. 609

TVA corporation resolution dated December 23, 1936, approving agreement for sale of properties between TVA and Duck River Electric Membership Corporation:

(Omitted)

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[fol. 3108] COMPLAINANTS' EXHIBIT No. 610

TVA corporate resolution dated January 8, 1937, approving contract between TVA and Lincoln County Electric Membership Corporation for collection of bills and other services:

(Omitted)



**COMPLAINANTS' EXHIBIT No. 611**

TVA corporate resolution dated February 11, 1937, approving Emergency Operation Contract between TVA and Tishomingo County Electric Power Association:

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 612**

TVA corporate resolution dated February 11, 1937, approving supplemental contract between TVA and city of Holly Springs, Mississippi:

“Resolved, That the Board of Directors hereby approves and authorizes entry into the supplemental agreement (Exhibit 2-11-37v) with the City of Holly Springs, Mississippi.”

The contract attached to and referred to in the approving resolution is the same as Complainants' Exhibit No. 122 and to avoid repetition is not here set forth at length.

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**COMPLAINANTS' EXHIBIT No. 613**

TVA corporate resolution dated March 10, 1937, approving Amendment of agreement to sell rural lines between TVA and City of Dayton, Tennessee:

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 614**

TVA corporate resolution dated March 31, 1937, approving Emergency Operation Contract between TVA and Alcorn County Electric Power Association:

(Omitted)

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**COMPLAINANTS' EXHIBIT No. 615**

TVA corporate resolution dated April 9, 1937, approving transfer to Southwest Tennessee Electric Membership [fol. 3109] Corporation of franchise granted to TVA by the Town Council of the Town of Medon, Madison County, Tennessee:

(Omitted)

## COMPLAINANTS' EXHIBIT No. 616

TVA corporate resolution dated April 9, 1937, approving supplemental contract between TVA and City of Okolona, Mississippi:

"Resolved, That the Board of Directors hereby approves and authorizes entry into the supplemental agreement (Exhibit 4-9-37a) with the City of Okolona, Mississippi."

The contract attached to and referred to in the approving resolution is the same as Complainants' Exhibit No. 121 and to avoid repetition is not here set forth at length.

## COMPLAINANTS' EXHIBIT No. 617

TVA corporate resolution dated June 3, 1937, authorizing construction of 110 kv. transmission lines between Norris Dam and the Volunteer Portland Cement Company and Substation:

(Omitted)

## COMPLAINANTS' EXHIBIT No. 618

TVA corporate resolution dated June 3, 1937, approving contract of sale between TVA and Town of Bolivar, Tennessee:

"Resolved, That the Board of Directors hereby approves and authorizes entry into the contract (Exhibit 6-3-37w) with the Town of Bolivar, Tennessee."

## Exhibit 6-3-37w

This Agreement, made and entered into as of the 20th day of March, 1937, by and between Tennessee Valley Authority (hereinafter called "Authority"), a corporation created by the Tennessee Valley Authority Act of 1933, United States of America (hereinafter called "Government"), acting through its legal agent, Authority (Authority and Government being jointly referred to hereinafter by the phrase "First Parties"), and the Town of Bolivar [fol. 3110] (hereinafter called "Municipality"), a municipal

## COMPLAINANTS' EXHIBIT No. 618

corporation duly organized, created and existing under and by virtue of the laws of the State of Tennessee,

Witnesseth:

Whereas, First Parties are the owners of the hereinafter described property which is being used in the transmission and sale of electric energy in Hardeman County, Tennessee; and

Whereas, Municipality desires to purchase said property and to use the same in the transmission and sale of electric energy according to the plan set forth and agreed upon in a certain contract entitled "Power Contract between Tennessee Valley Authority and Town of Bolivar, Tennessee," executed December 31, 1935; and

Whereas, under section 4 (f) of the Tennessee Valley Authority Act of 1933 as amended, Authority is authorized to dispose of any personal property held by it; and

Whereas, under section 4 (k) of said Act as amended Authority is authorized, subject to approval of the President of the United States, to dispose of any such real property owned by Government and entrusted to Authority as in the judgment of Authority's Board of Directors is no longer necessary in carrying out the purposes of said Act, and Authority's Board of Directors has found that such of the property hereinafter described as is real property is no longer needed by Authority for such purposes;

Now, Therefore, in consideration of the mutual benefits of all parties hereto and of the covenants and agreements contained herein and in said Power Contract, the parties hereto covenant and agree as follows:

1. Sale of Property.—In consideration of the sum of Two Thousand One Hundred Ninety-five Dollars and Ninety-five Cents (\$2,195.95), which Municipality hereby agrees to pay to Authority in cash, First Parties agree to sell and convey to Municipality the following described real and personal property:

(1) A three-phase, four-wire, 11,950Y volt rural electric transmission line extending from pole No. 33 on the Bolivar-Somerville transmission line now owned by Authority in a northeasterly direction for a distance of approximately 0.23 miles, including all poles, crossarms, pole-line hardware, conductors, insulators, transformers, primary metering

## COMPLAINANTS' EXHIBIT No. 618

equipment and other personal property now used or useful in the operation of said line.

2. **Conveyance of Property.**—Upon the tender to Authority of the cash payment in full for the above property, Authority will deliver to Municipality the good and valid [fol. 3111] quitclaim deed of First Parties conveying the above-described property to Municipality. The conveyance of such of said property as may be real property shall be subject to the approval of the President of the United States, but Authority hereby agrees diligently and without delay to have said deed submitted and recommended for such approval of the President.

3. **Power Requirements and Resale.**—Municipality agrees to purchase from Authority and Authority agrees to supply at wholesale all the electric energy required by Municipality for distribution over the above rural transmission line, and said power shall be purchased from Authority and resold by Municipality in accordance with all the agreements, terms, conditions, rules and regulations contained in, and at the rates prescribed by, the Power Contract entered into between Authority and Municipality on December 31, 1935, as the same may be from time to time amended, revised, re-executed or extended.

4. **Point of Delivery.**—Authority will deliver the electricity purchased by Municipality for distribution over the above rural transmission line at the point of intersection between said rural line and Authority's Somerville-Bolivar 12 kv. transmission line. Until other arrangements are made, however, Municipality's electricity requirements for said line shall be measured by the metering equipment on the low tension side of the transmission bank located at the Western State Hospital. In billing Municipality for power at wholesale, the latter shall be considered a separate metering point and the demand and consumption there recorded shall not be added to the demand and consumption recorded at the metering equipment located in the Bolivar substation.

If the above metering arrangement shall prove inequitable from the standpoint of either Authority or Municipality, said parties shall agree upon and put into effect other

## COMPLAINANTS' EXHIBIT No. 618

arrangements for the metering of Municipality's wholesale requirements which will be mutually satisfactory and equitable.

5. Assignment of Contract.—Subject to the approval of the authorized representatives of the Western State Hospital (such approval to be indicated in writing in the space provided at the end of this contract), Authority hereby assigns, transfers and sets over to Municipality, and Municipality hereby accepts the assignment of, all Authority's [fol. 3112] right, title and interest in and to a certain contract entitled "Power Contract between Tennessee Valley Authority and Western State Hospital" executed September 8, 1936. Upon execution of this contract and approval thereof by said Hospital, all rights, privileges, powers, duties, obligations and liabilities which Authority enjoys or to which Authority is subject under the terms of or by virtue of said contract shall be transferred to Municipality as fully as if contract had been originally executed between Municipality and Western State Hospital rather than between Authority and said Hospital.

(Signatures omitted.)

Western State Hospital hereby approves and consents to all of the provisions of the above contract, and specifically approves and consents to the assignment of the Power Contract between Tennessee Valley Authority and Western State Hospital, executed on September 8, 1936.

"(S.) by J. R. Wilson, Supt.

Attest: (S.) Elizabeth Durett."

Power Contract Between Tennessee Valley Authority and  
Western State Hospital

"This Contract, made this 8 day of September, 1936, by and between Western State Hospital, a corporation organized and existing under the laws of the State of Tennessee, with principal offices at Western State Hospital, Tenn., hereinafter called "Customer" and Tennessee Valley Authority, hereinafter called "Authority":

## COMPLAINANTS' EXHIBIT No. 618

Witnesseth:

Whereas, Customer has applied to Authority for electricity for the operation of Hospital at Western State Hospital, Tenn.

Now, Therefore, in consideration of the mutual covenants and agreements hereinafter set forth and subject to the provisions of the Tennessee Valley Authority Act of 1933, the parties hereto mutually agree as follows:

1. Authority will supply and Customer will take and pay for all the electricity required for the operation of Hospital at Western State Hospital, Tenn. up to a maximum demand of 100.0 kw, in accordance with the terms hereof and the Schedule of Terms and Conditions of Contract attached hereto and hereby made a part hereof.

[fol. 3113] 2. The minimum quantity of power contracted for hereunder and to be paid for by Customer shall be a minimum demand of 25.0 kw.

3. Attached hereto and hereby made a part hereof is a rate schedule designated Rate Schedule B-3, and the electricity sold hereunder shall be purchased and paid for by Customer according to the provisions of said Rate Schedule B-3, except as modified by this agreement, including a surcharge of 10% and an amortization charge of 1¢ per kwh. for the first 100 kwh. used per month, the minimum amortization charge to be \$0.25 and the maximum \$1.00 per month.

4. The electricity furnished hereunder shall be in the form of 3-phase, alternating current, at approximately 60 cycles and approximately 2300 volts.

5. The Point of Delivery for the electricity supplied hereunder shall be the secondary terminals of the Authority's sub-station and maintenance by Authority of approximately the above stated voltage and frequency at said Point of Delivery shall constitute delivery of electricity for the purposes of this contract. The electricity to be supplied Customer hereunder shall be metered at the low tension side of the step-down transformer bank or banks of a substation to be constructed, owned, and operated by Authority, and Authority will install only such protective devices as in its opin-



## COMPLAINANTS' EXHIBIT No. 618

ion are necessary for the protection of its transformer bank or banks and/or the transmission line or transmission lines supplying power to such substation. Customer shall furnish Authority gratis with suitable substation site for the period hereof, the transformer banks and other equipment installed thereon to be considered the personal property of Authority. Authority shall have free right of ingress and egress on said site, and Customer shall supply a right of way over Customer's property to such site.

6. The term of this contract shall be 5 years. This contract shall begin on the date the delivery of electricity hereunder is actually begun, which it is estimated will be approximately on or about October 1, 1936, and shall be considered renewed for a year from the expiration of said term, and from year to year thereafter, unless a written notice to the contrary is given by either party to the other at least three months prior to the expiration of the term of the contract or any then existing renewal thereof.

7. This contract shall inure to the benefit of and be binding upon the respective heirs, legal representatives, successors and assigns of the parties hereto, but is not assignable by Customer without written consent of Authority.

In Witness Whereof, the parties hereto have caused this contract to be duly executed in duplicate the day and year first above written.

Tennessee Valley Authority, by Arthur E. Morgan,  
Chairman. Western State Hospital, (S.) by J. R.  
Wilson, Superintendent.

Approved by: E. P. Pardue, Commissioner.

(Rate Schedule B-3 and Schedule of Terms and Conditions  
(omitted).)

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[fol. 3114] COMPLAINANTS' EXHIBIT No. 619

TVA corporate resolution dated June 9, 1937, approving contract between TVA and Electric Power Board of the City of Chattanooga.

(Omitted)

## COMPLAINANTS' EXHIBIT No. 620

TVA corporate resolution dated June 23, 1937, approving Emergency Operation Contract between TVA and Town of Dickson, Tennessee.

(Omitted)

## COMPLAINANTS' EXHIBIT No. 621

TVA corporate resolution dated July 12, 1937, extending maturity date for payment of principal installment on note of Monroe County Electric Power Association:

"Whereas, Pursuant to a Sale and Loan Contract dated January 15, 1936, the Tennessee Valley Authority sold to the Monroe County Electric Power Association certain rural electric distribution facilities for the sum of \$17,237.89 and loaned to said Association the sum of \$11,500.00, and the Association issued to the Authority its first mortgage  $3\frac{1}{2}\%$  note in the sum of \$28,737.89 as evidence of the Association's long-term obligation to the Authority therefor, and

Whereas, The principal of said note is payable in semi-annual installments coming due on the 15th day of July, 1937, and on the 15th days of January and July of each succeeding year, including the 15th day of January, 1956, and each semi-annual payment amounting to  $1/38$  of the principal amount of said note remaining unpaid on July 15, 1937, and

Whereas, The rural electric distribution project of the Monroe County Electric Power Association has not developed to a point enabling the Association conveniently to pay on July 15, 1937, the first principal installment on said note, and the Association has requested the Authority to agree to postpone the date on which the first principal installment on said note is to become due until July 15, 1938, therefore

Be It Resolved, That the Board of Directors hereby ap-[fol. 3115] approves the postponement of the date on which the first payment of principal on the first mortgage  $3\frac{1}{2}\%$  note of the Monroe County Electric Power Association is to become due from July 15, 1937, to July 15, 1938. The principal on said note shall be payable to the Tennessee Valley

## COMPLAINANTS' EXHIBIT No. 621

Authority in semi-annual installments becoming due on the 15th day of July, 1938, and on the 15th days of January and July in each year thereafter, including the 15th day of January, 1956. Each such semi-annual installment of principal shall be an amount equal to  $1/36$  of the principal amount of the note remaining unpaid on the 15th day of July, 1938. This postponement of the first principal payment by the Association shall not relieve the Association from the obligation of making the regular payments of interest on the amount of the note from time to time remaining unpaid.

Further Resolved, That the Comptroller and the General Counsel are hereby authorized to prepare and submit for execution any amendments to the contract between the Authority and the Monroe County Electric Power Association and any amendments to or substitutions for said note and said first mortgage as may be necessary to effectuate the above resolution."

## COMPLAINANTS' EXHIBIT No. 622

TVA corporate resolution dated July 20, 1937, approving supplemental contract between TVA and City of Athens, Alabama:

"Resolved, That the Board of Directors hereby approves and authorizes entry into the contract (Exhibit 7-20-37c) with the City of Athens, Alabama.

## Exhibit 7-20-37c

This Agreement, made and entered into this 23rd day of July, 1937, by and between Tennessee Valley Authority (hereinafter called "Authority") a corporation created by the Tennessee Valley Authority Act of 1933, its successors and assigns, and the City of Athens, Alabama (hereinafter called "Municipality") a municipal corporation duly organized, created, and existing under and by virtue of the laws of the State of Alabama.

Witnesseth: Whereas, on the 9th day of October, 1936 Authority and Municipality entered into a certain contract entitled "Agreement for Sale of Properties Between Tennes-

## COMPLAINANTS' EXHIBIT No. 622

see Valley Authority and City of Athens, Alabama" under which it was agreed that Authority should sell certain rural electric transmission and distribution lines and facilities to Municipality, and construct certain additional lines and facilities for Municipality, and

[fol. 3116] Whereas, Authority and Municipality desire to amend the above described contract by changing certain provisions contained therein with respect to the method of payment for such transmission and distribution lines and the means by which such payment shall be secured.

Now, Therefore, for and in Consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

1. Article 8 of the "Agreement for Sale of Properties Between Tennessee Valley Authority and City of Athens, Alabama" executed October 9, 1936, is hereby amended to read as follows:

8. Amortization Collections. — Municipality shall collect from each customer on the lines sold by Authority to Municipality hereunder, or constructed by Authority for Municipality pursuant to this agreement and/or pursuant to the construction loan contract between United States of America and municipality, and from any additional customers which may hereafter be connected with and receive service from such lines, an amortization charge of one cent (1¢) per kwh. for the first one hundred (100) kwh. used per month, such charge to be not less than Twenty-five Cents (25¢) nor more than One Dollar (\$1.00) per customer per month. The amortization charges so collected by Municipality shall be used solely for equal and ratable retirement of the \$132,000 of bonds to be issued by Municipality in payment of the lines and the facilities sold by Authority to Municipality and constructed by Authority for Municipality under this agreement and in repayment of the loan of approximately \$65,000 to be made by the United States Government through the Rural Electrification Administration to enable Municipality to construct such transmission lines and facilities. As soon as Municipality has fully paid and retired the said bonds issued to Authority and to the United States Government pursuant hereto, Municipality agrees to remove this amortization charge. With the exception of

## COMPLAINANTS' EXHIBIT No. 624

This contract attached to and referred to in the approving resolution is the same as Complainants' Exhibit No. 170 and to avoid repetition is not here set forth at length.

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## COMPLAINANTS' EXHIBIT No. 625

TVA corporate resolution dated August 13, 1937, approving proposed letter to be sent by TVA to the City Manager of Knoxville, Tennessee:

"David E. Lilienthal submitted to the Board for consideration a letter he proposed to send to George R. Dempster, City Manager of Knoxville, Tennessee, requesting an expression from the City concerning its plans covering the acquisition of an electric distribution system. The contents of the communication were found satisfactory. After instructing the Secretary to file a true copy of the communication with the Authority's records as Exhibit 8-13-37e, the Board authorized Mr. Lilienthal to affix his signature to the letter and forward it to the City Manager.

Exhibit 8-13-37e

Tennessee Valley Authority,  
Knoxville, Tennessee

Knoxville, Tennessee, August 13, 1937.

Honorable George R. Dempster, City Manager, Knoxville,  
Tennessee.

DEAR MR. DEMPSTER:

During the past four years the progress of the Tennessee Valley Authority under the policies established by Congress has been materially aided by the splendid cooperation of the various public agencies in the Valley. To no small extent, their willingness to participate in carrying out the objectives of the TVA Act has been the principal factor in the success of many phases of this undertaking.

[fol. 3119] As the Authority has proceeded to put into effect the purposes of the statute, I am confident the people of the Valley have come to a closer and more complete



## COMPLAINANTS' EXHIBIT No. 625

understanding of the benefits such a program can yield to this region—benefits in navigation and flood control, benefits in agriculture, benefits in the availability of an abundance of low-priced power. This public support and understanding here at home are gratifying to those who have the responsibility of putting these Congressional purposes to work.

As you know, our Board is authorized, in the language of the statute, "in order to avoid the waste of water power, to transmit and market such power as in this act provided, and thereby, so far as may be practical, to assist in liquidating the cost or aid in the maintenance of the projects of the Authority." Thus the Board has a duty to sell its surplus power and to obtain revenues from such sales. "This policy," the Act states, "is further declared to be that the projects herein provided for shall be considered primarily for the benefit of the people of the section as a whole and particularly the domestic and rural customers to whom the power can economically be made available."

The increasing demand for power generated at TVA dams makes it necessary, in connection with the planning of our entire watershed program, that the Authority follow closely the progress of public agencies with which it has contracts to supply power at some future time. To this end, the Authority is now engaged in making studies of immediate and future requirements in electric facilities. These studies require that we be brought up to date on the status of outstanding power contracts where service has not yet begun. Among these, Knoxville is one of the earliest.

The history of Knoxville's effort to obtain public power, as I recall it, is substantially as follows:

On November 25, 1933, the people of Knoxville by referendum approved the acquisition by the City of a distribution system to be supplied with power from TVA. As a result of this election, on February 27, 1934, your City Council approved, and the City Manager signed, a power contract with the Authority, and this contract was signed by Dr. A. E. Morgan on behalf of our Board March 1, 1934. A revision of this contract was signed by you for the City and Chairman Morgan for TVA on February 19, 1936. Upon refusal of the Tennessee Public Service Company to entertain the City's offer of March 3, 1934, to purchase that



## COMPLAINANTS' EXHIBIT No. 625

Company's system, the City requested the Authority to negotiate with the Company in an effort to buy that system for the City of Knoxville. About the same time the City applied for and obtained a loan and grant from the Public Works Administration for the construction of a distribution system.

During the summer of 1934, with the assistance of an engineering firm employed for that purpose, the City proceeded with its plans for construction. Shortly before the City was to open bids for construction of the first unit, how- [fol. 3120] ever, the Company agreed to sell to TVA. As you know, subsequent litigation prevented that purchase and that particular agreement to sell the Company's system lapsed. Thereupon the City (a) resumed its construction activities, (b) obtained a substantial sum of money from PWA, (c) made the award for the first unit, and, (d) in early March, 1935, saw the contractor begin the placing of poles in a unit which was to serve about 3,500 customers. In addition, I have been informed, a large quantity of materials for this first unit was ordered from manufacturers and received by the City.

Construction on the first unit was halted March 26, 1935, when, on suit of the Tennessee Public Service Company, Chancellor Mitchell first temporarily and later permanently enjoined further building. This injunction was set aside by the Supreme Court of the State of Tennessee March 9, 1936.

Since that time there have been a number of conferences between representatives of the City and members of the Authority. As I recall them, the principal meetings were as follows:

On June 5, 1936, the City Manager, Law Director, and Council Power Committee met with me and several of my associates.

On September 4, 1936, the City Manager, Law Director, and Council Power Committee met with Mr. Swidler and Mr. Muir of the Authority's staff.

On May 17, 1937, the Mayor, City Manager, Law Director, and Council Power Committee met with me and several of my associates.

On June 8, 1937, the Mayor, City Manager, Law Director, and the Council Power Committee met with me and some of my associates.

## COMPLAINANTS' EXHIBIT No. 625

At the meetings in June, 1936, and in May and June, 1937, I made it clear each time that the Authority stood ready to make good on its commitments to the City, and that it was the Authority's policy to abide by the decision which the voters of Knoxville had expressed in the referendum of November 25, 1933. As you know, the Authority, in its original contract of March 1, 1934, and the revised contract of February 19, 1936, is committed to supply power to a distribution system to be purchased or constructed by the City of Knoxville. In accordance with our commitments under that contract, the Authority, at a considerable cost, has made plans at Norris Dam and elsewhere on the basis of such service and has held in reserve a large block of power for Knoxville.

In view of the foregoing facts, I should like to call attention to some of the language contained in both the 1934 and 1936 contracts. In the contract of February 19, 1936, there is this statement:

[fol. 3121] "The electors of the Municipality have by referendum authorized Municipality to acquire by construction or purchase a municipal electric distribution system, and *Municipality intends, with all possible diligence and expedition, to acquire by construction or purchase and to operate such a system.*"

Again, in Section 2 of that contract, the City of Knoxville agrees:

*"to use all reasonable diligence in acquiring by construction or purchase a municipal distribution system for the City of Knoxville."*

An allotment of a large block of power has been held in reserve for the City of Knoxville for more than three years under the conditions of these contracts. In view of the ever increasing demand elsewhere for power from TVA dams and the heavy expenditures which are obligated in the Authority's commitments with the City, we should appreciate it if you would advise TVA in the very near future as to the City's plans and proposed procedure. So far as the Authority is concerned, the Board authorizes me to say, as we have informed you and your associates in our con-

## COMPLAINANTS' EXHIBIT No. 625

ferences, that you can rest assured that TVA stands ready fully to perform its obligation to the City of Knoxville to supply it with power, in accordance with the terms of the contract and the preference in the allotment of TVA power to which the City of Knoxville is entitled, as a public agency, under the terms of the Act.

There is no question, of course, as to the priority given to public agencies by the statute. If the City Council of Knoxville, however, does not choose to take advantage of that priority in the near future, the Authority should have adequate notice in order that we can review our plans for the provision of other outlets and be free to commit this power to public agencies elsewhere.

I am sending copies of this letter to the Mayor, the members of the Power Committee, and also the other members of the City Council.

Very truly yours, David E. Lilienthal, Director.

DEL: DM.

Copy to Mr. Cecil Arthur, Mr. J. C. Thomason, Mr. W. A. Cockrum, Mr. J. W. Elmore, Mr. Henry S. Bowling, Mr. Carey F. Spence, Mr. Oliver M. Branson, Mr. Dewey M. George, Mr. J. J. Graham, Mr. R. L. Scruggs and Mr. Chas. Siegal."

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[fol. 3122] COMPLAINANTS' EXHIBIT No. 626

TVA corporate resolution dated August 13, 1937, approving supplemental contract for collection of bills and other services between TVA and Lincoln County Electric Membership Corporation:

(Omitted)

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COMPLAINANTS' EXHIBIT No. 627

TVA corporate resolution dated November 24, 1937, approving schedule of generator installations at dam projects:

"The Board unanimously approved the following schedule of generator installations at the various dam projects:

## COMPLAINANTS' EXHIBIT No. 627

Unit		Date put in operation
Guntersville	1	January 1, 1940
"	2	January 1, 1940
"	3	June 1, 1940
Chickamauga	1	August 1, 1940
"	2	November 1, 1940
"	3	January 1, 1941
Hiwassee	1	June 1, 1941
Wheeler	3	June 1, 1941
"	4	August 1, 1941"

[fol. 3123] COMPLAINANTS' EXHIBIT No. 628

Western Union

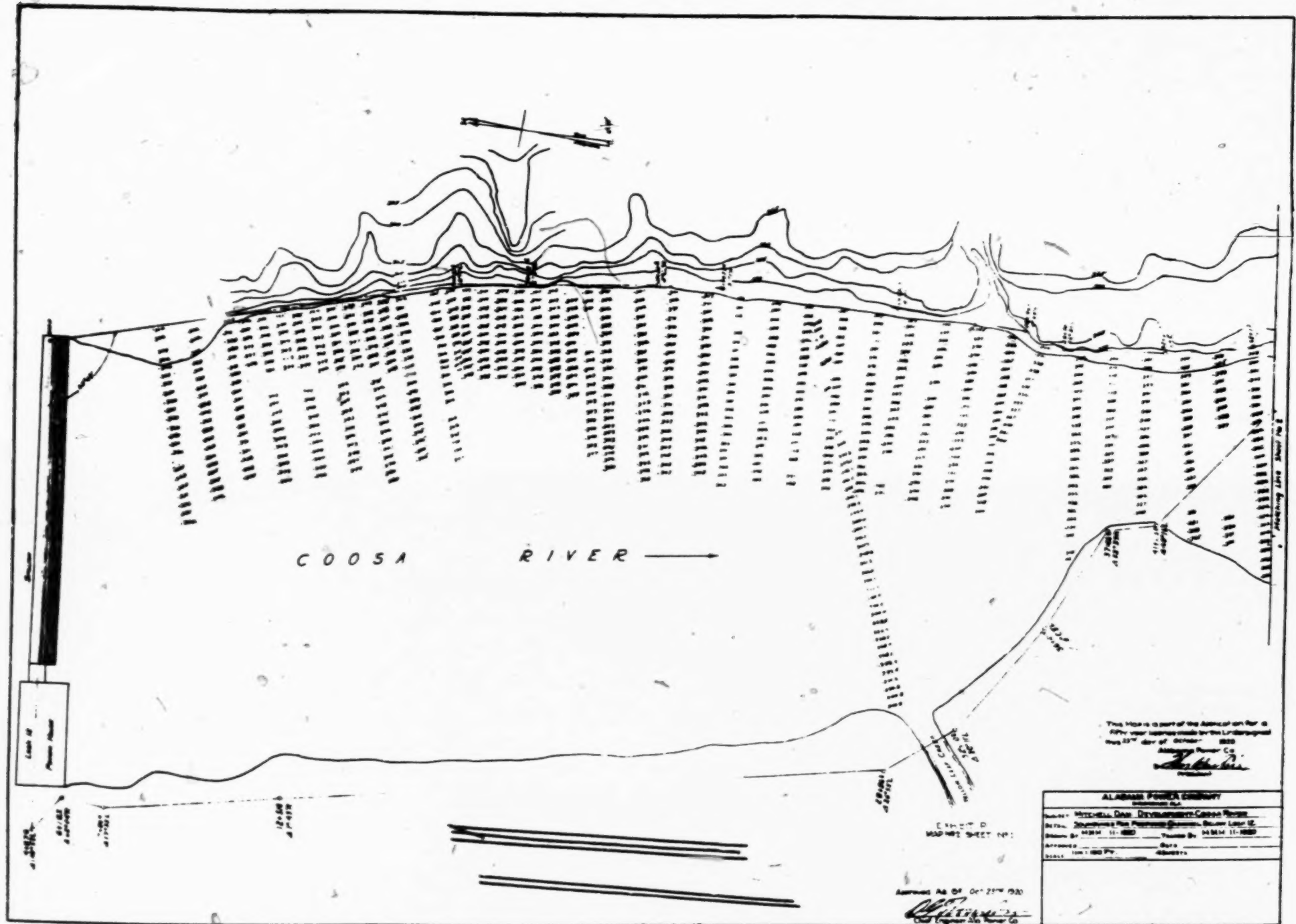
St. Louis, Mo., 1936, May 13.

Wendell L. Wilkie, President Commonwealth and Southern  
Utilities Co., 20 Pine St. NYK.

Confirming our conversation of yesterday it is Monsanto's desire to support and be identified with private enterprise. Stop. This we have evidenced by our willingness to pay a very large annual premium for your power and to accept from you several other much less favorable contract conditions. Stop. Due to the unfortunate competitive conditions surrounding the Tennessee Electric Power Company our directors are unwilling to hazard a several million dollar investment whose success is entirely dependent upon the continuity of its power supply at contract rates which we believe are insecure without a guarantee from Commonwealth and Southern in substantially the form submitted to you by Mr. Rassieur and which with modifications which our directors believe essential embodies our understanding of the guarantee tentatively agreed upon last week. Stop. I understood you are unwilling to accept this Stop. Please confirm as it is necessary that we act promptly.

Edgar M. Queeny.

(Here follows one photolithograph, side folio 3124)





## [fol. 3125] COMPLAINANTS' EXHIBIT No. 630 (Excluded)

## Alabama Power Company

## Cost of Facilities Devoted Solely to Navigation on Alabama, Coosa and Tallapoosa River Systems

Mitchell Dam—Provision for Lock—Coosa River.....		\$70,466.96
Jordan Dam—Provision for Lock—Coosa River:		
Earth and Loose Rock Excavation.....	\$219,948.71	
Backfill.....	24,962.73	
Concrete—West Core Wall.....	26,271.66	
Concrete—Lock Section.....	63,118.10	
		334,801.20
Stream Gauging Stations:		
Jordan Dam (Coosa River).....	\$1,619.91	
Childersburg (Coosa River).....	499.77	
Alabama River (Alabama River).....	289.91	
Wadley (Tallapoosa River).....	136.97	
Thurlow Dam (Tallapoosa River).....	3,000.26	
		5,546.82
Total above Navigation Facilities.....		\$410,314.98

## [fol. 3126] COMPLAINANTS' EXHIBIT No. 631 (Excluded)

Application for License by Alabama Power Company, Birmingham, Alabama, to Federal Power Commission, Washington, D. C., for Hydro-Electric Power Project Near Wetumpka, on Coosa River, in Alabama

Dated June 13, 1925

[fol. 3127]

## Exhibit "A"

## Corporate Charter

A printed copy of the Charter, Amendments thereto and merger agreements of Alabama Power Company duly certified by the Secretary of State of the State of Alabama, are on file with the Commission and are referred to and made a part of this application as though hereto attached.

This exhibit is a part of the application for license made by the undersigned this the 13th day of June, 1925.

Alabama Power Company, by Thos. W. Martin,  
(Sgd.) Thos. W. Martin, President. (Sgd.) Lamar  
Aldridge, *Lamar Aldridge*, Secretary.

## COMPLAINANTS' EXHIBIT No. 631 (Excluded)

[fol. 3128]

## Exhibit "B"

## Official Statement of Organization and List of Officers and Directors

I, Lamar Aldridge, Secretary of Alabama Power Company, a corporation, do hereby certify that the organization of said corporation has been completed, and that the corporation is authorized to proceed with the project applied for according to the existing laws of the State of Alabama, upon the granting by the Alabama Public Service Commission of a certificate of convenience and necessity as hereinafter mentioned.

I further certify that the following is a true list of the principal officers and of the directors of the said Corporation with the full name and official designation of each, to-wit:

## List of Officers

Name	Office
Thomas W. Martin	President
Reuben A. Mitchell	Vice President
Eugene A. Yates	Vice President
Oscar G. Thurlow	Vice President
William E. Mitchell	Vice President
Lamar Aldridge	Secretary
Robert M. MacLetchie	Treasurer
Stephen A. Dawley	Assistant Secretary
Marvin P. Raftall	Assistant Secretary and Assistant Treasurer.

## List of Directors

Thomas W. Martin	Eugene A. Yates
Lawrence Macfarlane	Richard M. Hobbie
Charles E. Groesbeck	Sidney Z. Mitchell
William J. Henderson	William H. Weatherly
Frank M. Moody	William H. Hassinger
David P. Bestor, Jr.	Robert I. Ingalls
E. Carlisle Melvin	Oscar G. Thurlow
Reuben A. Mitchell	William E. Mitchell

Witness my hand and the seal of the corporation this the 13th day of June, 1925.

(Sgd.) Lamar Aldridge, Secretary Alabama Power Company. (Corporate Seal.)

**COMPLAINANTS' EXHIBIT No. 631 (Excluded)**

This exhibit is a part of the application for license made by the undersigned this the 13th day of June, 1925.

Alabama Power Company, by Thos. W. Martin,  
(Sgd.) Thos. W. Martin, President. (Sgd.) Lamar  
Aldridge, Secretary.

[fol. 3129]

**Exhibit "C"****Description of Project Boundary**

Field notes, or a description by metes and bounds of the entire final location survey of the project boundary, are not furnished, applicant contemplating that upon the completion of the project, the licensee will submit data showing accurately the boundary of the project area and the owner-ships therein, the project area being approximately described on the map made Exhibit "K" to this application.

This exhibit is a part of the application for license made by the undersigned this the 13th day of June, 1925.

Alabama Power Company, by Thos. W. Martin,  
(Sgd.) Thos. W. Martin, President. (Sgd.) Lamar  
Aldridge, Secretary.

[fol. 3130]

**Exhibit "D"****Evidence That Applicant Has Complied With the Laws of the State**

Applicant, Alabama Power Company, is a corporation organized and existing under the general laws of the State of Alabama as more specifically shown in and by the certified copy of its charter, merger agreements and amendments thereto, filed with the Commission and referred to in Exhibit "A" to this application; and applicant has, by its said charter, the right to manufacture, supply and sell to the public power produced by water as a motive force.

Applicant further shows that it heretofore acquired by purchase and not by condemnation, and now owns a dam site or power site at Lock 18 on the Coosa River in Elmore County, Alabama, at which site the proposed development will be made; that said dam site consists of more than one

## COMPLAINANTS' EXHIBIT No. 631 (Excluded)

acre of land upon each and opposite sides of the Coosa River, and which said land is described as follows to-wit:

## East Side:

Fraction D and the northeast quarter of the northeast quarter of Section 16; fractional southwest quarter, the south half of the northwest quarter and the southeast quarter of Section 15; the fractional north half of Section 22; all in Township 19 North, Range 18 East, Elmore County;

## West Side:

Fractional east half of the southwest quarter and fractional southeast quarter of Section 16; the northeast quarter of Section 21 and the fractional north half of Section 22; all in Township 19 North, Range 18 East, Elmore County;

and by virtue of the aforesaid charter powers and of its ownership of said dam site or power site, has, under the laws of Alabama, the right, power and authority to manufacture, supply and sell to the public power produced by water as a motive force, and to acquire by condemnation the lands and rights necessary for the construction and operation of said dam and works connected therewith or useful thereto, and to construct and operate at said site or other points up or down the stream therefrom and across [fol. 3131] said stream a dam, together with all works incident, necessary or related thereto and in connection therewith to impound or divert the water of the said Coosa River and its tributaries, together with other rights, powers and authority granted it by the laws of Alabama for such services.

Applicant further shows that it will in due time apply to the Alabama Public Service Commission for a Certificate of Convenience and Necessity in compliance with the laws of Alabama for the construction of said project works, and upon the issuance of the same, duly certified copy thereof will be filed with this Commission.

The water impounded by said dam will flood, injure or damage certain public roads in the counties of Elmore, Chilton and Coosa, and by virtue of the laws of Alabama, applicant may acquire the right to flood, injure or damage

## COMPLAINANTS' EXHIBIT No. 631 (Excluded)

such roads by paying the Court of County Commissioners or Board of Revenue of the respective counties the cost of locating, laying out and opening other public roads in lieu of and to the same extent as the public roads are so flooded, injured or damaged. Applicant shows that it will shortly and in due course present its petition to the proper county authorities to ascertain such damages, and will forthwith compensate said county for any injury or damage said county authorities may find proper.

The laws of Alabama confer the right and authority to flood public and private ferries and approaches thereto, with which laws applicant proposes to comply and properly to acquire in the course of construction of the project works, as may be necessary, the privilege of flooding any and all public and private ferries and approaches thereto which may be flooded by said project.

No franchise or other right from municipalities are necessary so far as applicant is now advised before the project can be completed and put into operation.

This exhibit is a part of the application for license made by the undersigned this the 13th day of June, 1925.

Alabama Power Company, by Thos. W. Martin,  
(Sgd.) Thos. W. Martin, President. (Sgd.) Lamar  
Aldridge, Secretary.

[fol. 3132]

## Exhibit "E"

Statement of Nature, Extent and Ownership of Water Rights, and of Ownership of Lands Which Applicant Contemplates Using in the Development of the Project. Also Statement of Plans With Reference to Procuring Water Rights and of Acquiring Lands

Applicant proposes to use in the development of the project the lands, together with the water rights incident thereto, as indicated on Map No. 1, Exhibit "J". Said map shows the location of the proposed dam and approximately the lands affected by said development. Applicant owns the dam site and has purchased and will continue to purchase or otherwise acquire from time to time before the completion of the project, various other lands in the locality which may be needed in the construction thereof. None of said lands, so far as applicant's information goes, con-

## COMPLAINANTS' EXHIBIT No. 631 (Excluded)

sists of either reservations or public lands, except a parcel of land not a part of other United States Government lands, and entirely isolated from any other lands of the United States. Said land is situated a distance of about three-eighths of a mile from the east abutment of applicant's dam at Duncan's Riffle (known as Mitchell Dam) and is unimproved and described as follows: That part of fractional Section 14, Township 21 North, Range 16 East, which lies west of the Coosa River, in Chilton County, Alabama, and containing 66.16 acres more or less.

This exhibit is a part of the application for license made by the undersigned this the 13th day of June, 1925.

Alabama Power Company, by Thos. W. Martin,  
(Sgd.) Thos. W. Martin, President. (Sgd.) Lamar Aldridge, Secretary.

[fol. 3133]

## Exhibit "F"

Applicant's Plan for Acquiring Title to, or the Right to Occupy and Use, Lands Other Than Those Owned by the Applicant or by the United States, Essential for Carrying Out the Project

The Company has been engaged for some time, and is continuing to purchase outright, or else to acquire by purchase, the right to flood all lands useful or necessary to the project. Such lands and right to flood lands which the Company cannot acquire by purchase, it will acquire the right to use of flood under the Eminent Domain laws of the State of Alabama, and the United States. When required, a complete list and other data with reference to lands acquired will be supplied.

This exhibit is a part of the application for license made by the undersigned this the 13th day of June, 1925.

Alabama Power Company, by Thos. W. Martin,  
(Sgd.) Thos. W. Martin, President. (Sgd.) Lamar Aldridge, Secretary.

[fol. 3134]

## Exhibit "I"

## Estimate of Power Capacity

The power capacity is estimated to be:

$.08 \times 95 \times 4000 = 30,400$  H. P. where 95 = head in feet, and 4000 = flow in sec. ft. for 90% of the time.



## COMPLAINANTS' EXHIBIT No. 631 (Excluded)

This exhibit is a part of the application for license made by the undersigned this the 13th day of June, 1925.

Alabama Power Company, by Thos. W. Martin,  
(Sgd.) Thos W. Martin, President. (Sgd.) Lamar  
Aldridge, Secretary.

[fol. 3135] This Exhibit M submitted with and made a part of application of the Alabama Power Co. for a license for project No. 618 Alabama is recommended for approval.

(Sgd.) ———, Chief Engineer. (Sgd.) ———,  
Executive Secretary. (Sgd.) ———, Executive  
Secretary.

Approved Oct. 3, 1925.

By Order of The Federal Power Commission  
License Issued Nov. 7, 1925.

[fol. 3136]

## Exhibit "M"

General Description and General Specifications of Mechanical, Electrical and Transmission Equipment and Appurtenances

This project contemplates the construction of a dam and power house on Coosa River in vicinity of site known as Lock 18 as designated by survey of Coosa River from Lock N. 4 in Alabama to Wetumpka, Alabama, made August 2, 1903, to December 19, 1903, under the direction of J. B. Cavanaugh, Corps of Engineers, U. S. A., and by D. M. Andrews, Assistant Engineer, and N. A. Yuille, Chief of Party as indicated in Exhibits "K" and "L" herewith attached.

The dam will be of solid concrete masonry construction, raising elevation of pool approximately 95 feet above present low water level.

The power house will consist of foundations for five generating units, two units of which will be installed in first construction. Further provisions will be made for three more generating units to be constructed from time to time to meet the reasonable market demands for power.

The generating units in first construction will consist of two vertical type water wheels of approximately 36,000 H. P. each driving generators of approximately 25,000 kw. capacity each.

**COMPLAINANTS' EXHIBIT No. 631 (Excluded)**

Power will be generated at 13,200 volts, stepping up to 110,000 volts for transmission.

This station will be connected to the transmission line system of the Alabama Power Company by means of the now existing transmission line in the vicinity of this site.

This exhibit is a part of the application for license made by the undersigned this the 13th day of June, 1925.

Alabama Power Company, by Thos. W. Martin,  
(Sgd.) Thos. W. Martin, President. (Sgd.) Lamar  
Aldridge, Secretary.

[fol. 3137]

**Exhibit "N"****Estimated Cost of Project**

Earth and Rock Excavation .....	275,000 cubic yards.
Concrete .....	354,000 cubic yards.
Railroad .....	10 miles.
Initial Installation .....	72,000 horse power.
Lands for Reservoir .....	8,000 acres.
Total Estimated Cost of Initial Installation .....	\$13,250,000.

This exhibit is a part of the application for license made by the undersigned this the 13th day of June, 1925.

Alabama Power Company, by Thos. W. Martin,  
(Sgd.) Thos. W. Martin, President. (Sgd.) Lamar  
Aldridge, Secretary.

[fol. 3138]

**Exhibit "O"**

**A Detailed Statement of the Time Required for Completing the Preliminary Construction and for Beginning and Completing the Construction of the Project.**

The applicant desires to begin preliminary construction of the project works on or before December 1, 1925. It is estimated that it will require approximately three years for the initial installation. The time required for installation of each additional unit is estimated to be approximately one year, and it is proposed to construct the additional units from time to time to meet the reasonable market demands for power.

This exhibit is a part of the application for license made by the undersigned this the 13th day of June, 1925.

Alabama Power Company, by Thos. W. Martin,  
(Sgd.) Thos. W. Martin, President. Lamar Ald-  
ridge, Secretary.